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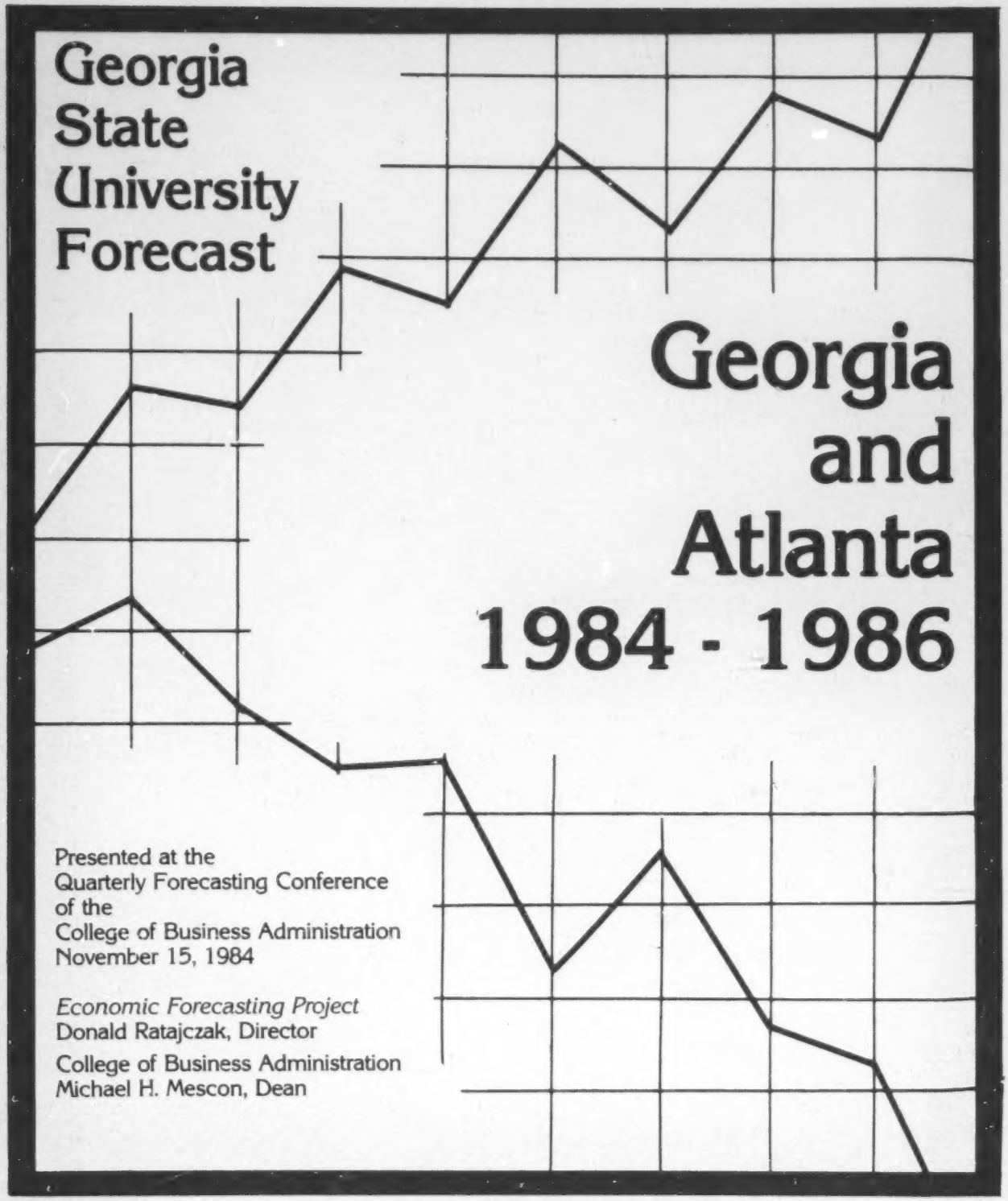
Georgia State University Forecast

Georgia and Atlanta 1984 - 1986



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Georgia State University is a unit of the University System of Georgia.

BUMPY LANDING FROM GEORGIA BOOM IS SURFACING

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Recent Activity

During the second quarter of 1984, nonfarm personal income in Georgia showed the second most rapid increase of all fifty states. With Atlanta experiencing the same CPI increase as nationwide, this rapid increase in personal income reflects relative gains in real economic activity in Georgia. Strength was widespread, with earnings especially vigorous in retail trades and business services. However, construction showed more significant gains than nationwide. Aided by a rebound in the poultry industry, farm income also surged in comparison to performance in the nation. For example, farm income rose 13.2% in the quarter, while farm incomes were declining 19.2% nationwide. Some of the especially favorable earnings comparisons during the second quarter include: contract construction (8.8% v 3.5%), durable manufacturing (5.6% v 2.2%), nondurable manufacturing (4.4% v 1.4%), wholesale trade (4.8% v 2.6%), and retail trade (4.1% v 2.4%). Federal civilian and military payrolls declined in Georgia while they rose slightly nationwide.

According to the coincident indicators, the Georgia economy expanded a vigorous 10.2% after inflation during the spring. This compares with a 7.1% increase nationwide. During the summer, Georgia's economy slowed, but still maintained a relatively robust 6.4% rate of increase. Nationwide, the economy not only slowed, but actually stalled in September. Thus, national GNP grew only 2.7%. By September, the Georgia coincident indicators suggested that activity in the state was increasing at only a 1.3% annual rate. A reversal in prospects for the farm economy contributed most to the pattern of weakening activity during the summer months. For example, the poultry industry changed from profitability to red ink by the end of the third quarter. Most other components of the Georgia coincident indicators continued to register significant, if moderating, rates of increase. More significantly, productivity gains, which were approaching 5% during the spring, appear to have fallen by nearly a 2% annual rate during the summer. This suggests that some weakening in employment growth should surface in the fourth quarter. In addition, corporate profitability, as reflected by corporate tax accruals, should begin to register little further rebound and may actually decline in the months ahead. Thus, a quarter of relatively modest gains in economic activity appears to be likely during the fall.

Georgia's leading indicators continue to reflect sufficient strength to suggest continued economic expansion early in 1985. In September, three of the six available indicators contributed negatively to the index, but these were offset by especially favorable revenue flows into the state tax cofers. In addition, initial unemployment claims and sales tax receipts continued to provide signs of economic improvement ahead. These were offset only partially by declining residential building permits and declining nonresidential permits. Also, the workweek declined in September, suggesting slower employment growth in

the months ahead. Despite mixed signs of future economic possibilities, especially in terms of employment gains in construction activity, enough indicators were moving ahead to suggest that economic activity will continue to expand, if at a less than normal rate, in 1985.

Georgia's early warning indicator, the ratio of leading to coincident indicators, peaked in April and is currently showing a modest downward trend. This suggests that current economic expansion continues to be unsustainable. Thus, significantly slower rates of growth should be anticipated in the months ahead. Although the Georgia economy does not show any of the economic excesses that precede a recession, there are ample signs that recent growth in construction and retail sales cannot be sustained. In addition, employment growth in manufacturing has been partly at the expense of reduced manufacturing hours. Thus, employment growth cannot sustain its current rate of growth. This means that personal income cannot continue to grow as vigorously in Georgia as it did during the first half of 1984.

According to the seasonally adjusted payroll employment estimates contained in Table 5, payrolls in Georgia expanded at a sharp 5.6% annual rate in the third quarter, as compared with a slower 3.1% rate of gain nationwide. However, some of this growth was generated as a result of a more significant reduction in hours worked than in the nation. In addition, our coincident indicators show that productivity probably declined during the third quarter, after experiencing several quarters of vigorous expansion. It is possible, therefore, that current employment is slightly excessive relative to current activity. If so, employment growth should slow significantly even as economic activity continues to expand into 1985. Nevertheless, payroll expansions suggest that personal income will continue to show more vigorous growth in Georgia than in the nation through the third quarter.

Construction continued to perform strongly through the summer, despite some signs of weakening housing activity. Significant growth in public construction and some expansion in industrial activity accounted for most of the gains. Construction currently accounts for 5.7% of total employment in Georgia. According to some historical relationships, this level of employment is sufficient to provide homes and work places for a Georgia economy experiencing employment growth of 3.1% per year. Of course, our outlook shows that employment will probably grow a vigorous 5.6% in 1984. As a result, construction products currently are being absorbed more rapidly than they are being completed. However, our projections show a slowing in employment to a gain of only 3.0% in 1985 and a sluggish 1.8% gain in 1986. If this slowing in employment growth materializes, construction employment will be ample to meet next year's needs and will be excessive for the needs projected in 1986. For that reason, a modest decline in construction activity is anticipated in the months ahead.

Employment gains also remained vigorous in manufacturing through the summer, although activity in nondurable manufacturing weakened noticeably late in the summer. Significant weakness has developed in food processing, where several meat processing plants have been closed. The textile industry also appears to have passed peak employment for this cycle. Weakness is most pronounced in knitting and weaving mills, although carpet employment probably is peaking at the present time. Sluggish consumer activity is beginning to be reflected in apparel employment. A declining trend in the paper industry, especially in bags, continued in the summer months.

In contrast, employment continued to grow significantly in durable manufacturing. Building-related industries continued to register modest gains. More substantial employment growth was apparent in the machinery sectors. Fabricated metals also expanded. Vigorous growth in the transportation equipment sector remained undiminished through September. (The GM strike was of sufficiently short duration to have minimal impact upon employment projections in September.) Only primary metals, which appear to be showing struggling signs after a vigorous first half, detracted from the otherwise favorable performance in durable manufacturing.

Surprising gains in trade employment continued through the summer while sales tax receipts throughout the state showed a year-over-year record increase during the second quarter. After adjustment for inflation, the volume of taxable sales in Georgia was more than 18% above previous year levels as the summer began. Obviously, such vigorous gains in consumer activity have encouraged significant expansion in consumer outlets. However, sales growth appears to be exceeding gains in estimated personal disposable income by more than three percentage points. While some of this increased sales activity could derive from conventioneers and tourists, it appears that most of the 3% gap between sales and income reflects a reduction in the savings rate in Georgia. If so, retail activity should slow significantly in the next year. Certainly, the surge of employment in wholesale trade cannot persist. Employment growth also continued in other service categories with continuing vigorous expansion occurring in private services. Only government payrolls showed little expansion during the summer months.

Insured unemployment remained less than 1.1% of covered employees in the Atlanta area during September. This continues to remain very close to measured full employment for that experienced labor force. Insured unemployment was 1.6% in Georgia and 2.8% in the United States over comparable periods. This suggests that further declines in unemployment are limited in Georgia and Atlanta. In September, Georgia had a 5.8% unemployment rate as compared to 7.1% for the nation. Georgia's unemployment rate is expected to average 6.0% in 1985 before rising modestly to 6.3% in 1986. Because Georgia is nearing full employment for its experienced workforce, the unemployment rate no longer is showing significant declines from previous year levels. In September, the decline was only 1.0 percentage points as compared to 1.7 percentage points nationwide. Atlanta registered the lowest unemployment rate, at 4.5%, in September. This is a 1.3 point gain from the previous year. Athens also continued to show reasonable unemployment rates, although the decline from 5.8% a year ago to 5.2% this September was less dramatic than in Atlanta. Moreover, much of the decline was the result of a reduced labor force, which may have been attracted into the vigorously expanding Atlanta metropolitan area. Augusta showed the largest improvement in unemployment with a decline from 9.0% a year ago to 6.8% this September. However, the unemployment rate in Macon, at 6.7% was slightly lower. Columbus and Savannah both experienced similar changes in unemployment, with Columbus falling from 8.1% to 7.2%, while unemployment in Savannah declined from 8.2% to 7.3%. However, declining unemployment in Columbus was more significant, as it was accomplished despite vigorous expansion in the labor force. Albany continued to register the highest unemployment rate of any metropolitan area in the state, although unemployment improved from 9.8% a year ago to 8.4% in September.

During the past year, inflation in Atlanta was 3.9%, slightly lower than the 4.2% registered nationwide. Inflation is expected to show only a 4%

increase in Atlanta for 1984 and should only accelerate to an increase of 4.5% in 1985. For 1986, however, the Atlanta CPI is expected to expand by 6.3%. Between June and August, the last months available, inflation in Atlanta increased 0.6%, slightly less than the 0.7% registered nationwide. Grocery store prices expanded 1.2% in Atlanta as compared to 1.0% nationwide, primarily because a 9.3% surge in fruits and vegetables as compared to a 3.0% national increase more than offset actual declines in meat and cereal prices in Atlanta that were not recorded nationwide. Food away from home also surged in Atlanta, increasing 2.5% versus 0.7% for the nation. However, a 1.4% decline in prices for alcoholic beverages permitted Atlanta consumers to partially absorb these higher food prices. Housing costs grew more slowly in Atlanta than nationwide, suggesting that some overbuilding is starting to develop in both the renters' and homeowners markets. However, the price differential remained insignificant. Utility bills declined slightly in Atlanta, even as they rose sharply nationwide. Apparel prices rose sharply nationwide but were little changed in Atlanta. Thus, higher national price increases for housing, utilities, and clothing more than offset more significant price increases for food that confronted most Atlanta consumers.

Georgia's thrift institutions once again showed some economic stress during the third quarter. Regulatory net worth fell 0.1%, as compared with a 2.7% gain for all southeastern institutions and a 3.3% increase nationwide. Continued slow growth in savings capital is one of the problems facing Georgia thrifts. Savings capital expanded 1.7% in Georgia as compared with 3.0% in the region and 3.1% nationwide. All institutions began running off mortgage commitments they had accumulated earlier in the year. In Georgia, the 12.8% runoff was comparable to the 13.9% runoff in the southeast and was not far from the 9.0% runoff nationwide. Fortunately, declining interest rates should reduce the cost of liabilities relative to yields on assets for most Georgia thrifts during the fourth quarter. As a result, a significant expansion in regulatory net worth is anticipated at that time.

Although mortgage rates have begun falling in recent weeks, the effective rate for all savings and loan associations increased during the summer months. By September, the effective rate was 12.83%, marginally higher than 12.81% a year ago. In Atlanta, the effective mortgage rate was a modestly lower 12.78% in September, having declined 0.31 percentage points from the previous year. Housing prices in Atlanta were $9100 above previous year levels while prices nationwide experienced a smaller $2700 increase. The effective mortgage rate should fall in the fourth quarter following decliuning interest rates for long-term treasury bonds. Conventional rates are expected to fall as low as 13.25% by the end of this year. Rates then are expected to rise, but only to 14% by the summer of 1985. In 1986, mortgages once again should be trending toward 12%.

During the first three months of the current fiscal year, revenue surged by 22.2% over previous year levels. Some of this increase was the result of refund distortions that depressed individual income tax collections during the previous year. However, collections still were growing 15.3% year-over-year in October, after most of those distortions were at an end. The 22.2% increase during the summer months compares with gains of 15.5% in the spring, and lesser increases of 14.3%, 12.4%, and 7.3% in previous quarters. Even the 15.3% recorded in October is not sustainable. Sales tax collections will continue to slow in the months ahead while corporate income accruals cannot maintain the 59.0% rate of expansion that was recorded in October. Indeed, little expansion of any type

may occur in corporate tax collection by the end of the fiscal year. Tax collections still are expected to expand by a vigorous 13.5% in the current fiscal year, well above the 9.1% required to balance Georgia's budget. Receipts will grow much more slowly in the subsequent year, with gains of only 10.5% likely at that time. By fiscal 1986, a return to more modest revenue growth in the absence of tax initiatives should be anticipated. Indeed, the motor fuel tax almost certainly will be showing minimal growth at that time. There is no justification for maintaining the 1971 tax-base for motor fuel, despite the pricing for highway repair and other transportation expenditures since that time.

During the summer quarter, sales tax receipts slowed, as expected, to a 16.5% gain over previous year levels. This compares with increases of 19.2%, 14.6%, 13.4%, and 11.5% in previous quarters. A slowing in sales tax receipts also was apparent for all state and local governments nationwide. In that group, receipts grew 10.1% in the summer as compared to 11.2%, 14.1%, 12.7%, and 11.7% in previous quarters. As in the spring, sales tax receipts continued to grow much more sharply in Georgia relative to the nation than nonfarm personal income. Thus, further slowing in sales tax gains should be apparent in the next two fiscal years. Because of refund distortions, tax collections for personal income surged 31.4% above previous year levels during the summer. In October, however, a more normal rate of increase of 15.6% was recorded. In previous quarters, personal income growth was 11.1%, 11.0%, 13.2%, and 1.3% above previous year levels. For all state and local governments, personal income tax collections showed gains of a surprisingly low 6.6% in the summer after increases of 12.6%, 15.2%, 16.0%, and 13.7% in previous quarters. Corporate profitability also showed a vigorous 34.1% expansion from previous year levels during the summer. However, a decline in productivity estimates suggests that less favorable performances should be anticipated in the quarters ahead. In previous quarters, profit tax accruals showed gains of 28.1%, 49.9%, 25.6%, and 23.6%. All state and local governments are showing gains for corporate accruals of an anemic 1.1% in the summer following gains of 26.9%, 61.5%, 39.5% and 25.0% in previous quarters.

Summary of Outlook

Georgia is experiencing an employment boom in 1984. A 19.8% surge in construction employment leads the boom, but double-digit rates of growth in the machinery and transportation equipment sectors also are adding to it. Moreover, this strong increase in consumer sales is stimulating an unusually rapid rate of employment growth in the trade sectors. Although such large employment gains clearly cannot be anticipated every year, the level of construction activity certainly is justified by the current magnitude of employment growth, while the surge in trade employment merely follows from the surge in consumer spending.

It is clear, however, that the construction and trade employment surge cannot be continued into 1985. The absence of further tax initiatives almost certainly will cause disposable income to grow more closely to changes in personal income than in 1984. Moreover, inflation should be accelerating modestly. Thus, Georgia households will only have the purchasing power sufficient to sustain sales that would justify retail employment gains of less than 5%. Because of the momentum already built up in the trade sector, trade employment gains are expected to be slightly above sustainable levels. This would then require a further slowing of employment growth in 1986. Also, the

surge in wholesale trade has been more vigorous than expansion of Georgia activity. Normally, a correction follows such a wholesale surge. Again, activity should continue to be reasonably robust in 1985 with a more substantial correction developing in 1986.

Employment growth is expected to remain vigorous in the transportation equipment area through 1985. More modest rates of expansion are then anticipated in 1986. At the same time, the surge in machinery employment that developed in 1984 appears to be the result of unusually strong replacement demand for equipment rather than the beginning of a dramatic surge in machinery demands throughout the cycle. While employment gains are expected to persist through the next two years, the rate of employment growth decidedly will abate. In other durable activity, building materials should slow their rates of growth to reflect significant slowing in the growth of construction activity. Primary metals are expected to be under downward pressure as a result of exposure to imports. Fortunately, enough increased employment is anticipated in the machinery and transportation equipment areas to ensure gains in durable employment through the next two years.

Unfortunately, this same expansionary outlook cannot be made for nondurables. Food processing is experiencing a painful retrenchment, especially in meat processing. Textiles appear already to have reached their peak for this cycle, while a temporary glut of apparel inventory should have adverse impact upon that industry as well. In addition, the heavy concentration of paper bags in the Georgia paper industry is adversely impacting employment gains in that sector. Although the leather industry has experienced a surprising rebound, the outlook for nondurables in Georgia is not bright. As this sector is the largest employer of manufacturing skills, total manufacturing payrolls will grow decidedly more slowly in the next two years than in 1984.

A slowing in employment growth also is anticipated for other services. Following a surge in the transportation sector in 1984, more modest rates of employment growth are anticipated in the next two years. Similarly, the finance and real estate sectors should slow their rates of growth from the rapid surge that occurred this year. Partially offsetting this diminishing growth in employment opportunities in the service sector will be some modest increases in employment opportunities in the government sector. Nevertheless, total wage and salary employment in Georgia is expected to slow to a 3% gain in 1985 and a 1.8% rate of expansion in 1986.

Of course, reduced employment growth will be reflected in reduced gains in personal income. In addition, the workweek is becoming shorter for employees in most Georgia industries. Thus wage growth will be slowing more sharply than employment growth in 1985. In 1986, however, increasing wage pressures should diminish the magnitude of slowing in wage and salary income.

Despite the ups and downs of the farm economy, Georgia farm income is expected to continue the recovery that developed early in 1984. Of course, the weather must cooperate.

Finally, diminished rates of increase in interest rates should slow the growth of property income during the next two years. Reduced inflationary pressures also should continue to control the growth in transfer payments. On the other hand, a significant increase in Social Security taxes in 1985 will drain purchasing power from Georgia households. Thus, personal incomes should slow significantly in 1985 and remain subdued in 1986.

At the present time, the employment and consumption excesses that precede an economic downturn are not substantial. However, a continuation of employment gains in the trade sector at the rate that was justified in 1984 will lead to substantial employment excesses by the end of 1985. Similarly, continued rapid growth in construction into 1985 will require a significant construction correction by 1986. Of course, Georgia's manufacturing and transportation services will also be significantly impacted by national conditions. If a national recession begins early in 1986, the Georgia economy will be vulnerable to an economic decline. At the present time, however, only the nondurable manufacturing sector provides any hints that an economic downturn may lie ahead. After expanding more than 9% in 1984, real output in Georgia should continue to grow by nearly 5% in 1985. Activity should slow to less than 3.5% in 1986.

ATLANTA BOOM ON VERGE OF CREATING EXCESSES

Recent Activity and Outlook

Seasonally adjusted employment estimates in Table 5 indicate that employment in Atlanta increased even more, at a 8.4% annual rate in the third quarter of 1984, than occurred nationwide. Construction rebounded after a spring lull as commercial activity intensified and housing activity regained momentum following an early summer sinking spell. Excluding state and local payrolls and nondurable manufacturing employment, vigorous gains in employment opporunities were widespread. In durable manufacturing, employment gains were most significant for transportation equipment and fabricated metals. Stone, clay, and glass also showed significant employment gains. Nonelectrical machinery in Atlanta did not share strength elsewhere in Georgia. Nevertheless, employment for all durable manufacturing continued to experience vigorous gains.

Food processing did not show the weakness that occurred statewide. The textile and apparel industries, both of which are declining in Atlanta and statewide, are not very significant in Atlanta. The paper and printing industries also showed weakness in the Atlanta area. Although the mix of industries showing employment weakness in nondurables was different from statewide, the Atlanta nondurable manufacturing sector showed the same peaking properties that were apparent in the state.

Employment in the trade sectors surged even more dramatically in Atlanta than statewide. More significantly, wholesale trade grew much more rapidly than other Atlanta activity. Some wholesale employment excesses probably have developed, especially as sales almost certainly were growing above sustainable levels early in the year.

All Atlanta sectors except nondurables showed significant gains in employment opportunities over the past year. However, a disproportionate share of the gain has been in durable payrolls. Some of this growth, especially in transportation equipment is expected to continue. This manufacturing expansion should justify continued rapid gains in retail trade employment, although excesses are expected to develop toward the latter part of 1985. This is why a significant slowing in employment gains is anticipated in that sector during 1986.

The surge in business services that occurred during 1984 cannot continue at that rapid rate. Indeed, the expansion in consulting, accounting, and legal

services probably reflects a one-time increase in the regional concentration of those activities in Atlanta. If so, a return to slower, more sustainable employment gains could develop as early as 1986. (That would mean service employment gains on a 4% growth path.) Despite significant slowing in employment growth in 1985 and 1986, Atlanta should be able to create more than 47,000 additional jobs in 1985 and an additional 26,000 jobs in 1986.

Stronger employment gains than originally projected for 1984 indicate that inmigration may be stronger than originally projected. Population is estimated to have grown 2.71%, or by 62,000 in 1984. When this population expansion is combined with continuing reductions in the density of households, approximately 33,000 additional households probably were created in 1984. An additional 37,000 households are expected to be created in Atlanta during 1985 before diminishing employment opportunities stem this surge of migration. Adjusting those estimates for abandonment, vacancy, demolition, and other factors suggest that housing need in Atlanta expanded by 35,000 in 1984 and could grow by an additional 40,000 in 1985. Need then is expected to slow to a 34,000 rate in 1986.

According to the latest estimates in Table 6, building permits are in excess of need by nearly 4,000 units this year. Permits are expected to fall nearly 4,000 below need in 1985 to remove the excess. A modest rebound in housing could be justified in 1986.

Not all metro counties are experiencing a surge in housing activity. Single family activity in Douglas County slowed late in 1984 and should slow further in 1985. Housing activity also is growing at a reduced rate in DeKalb County. North Fulton and North DeKalb appear to be experiencing some problems in developing new lots. This should be an especially restraining factor in Fulton County during the next two years. On the other hand, multi-family activity in Gwinnett County has become excessive. Some slowing in multi-family permits should be anticipated during the next two years. Slight excessive activity also is anticipated in Cobb County, where a modest construction retrenchment should materialize. Of course, if interest rates continue declining, household densities could fall more abruptly than originally anticipated. This would then justify more extensive housing activity in 1985 than is currently projected.

According to the latest Coldwell-Banker estimates, absorption in Atlanta is exceeding completions in the surburban area. This reverses a four quarter uptrend in available space in the Atlanta surburbs. Moreover, Atlanta now has the lowest surburban office vacancy rate of any metropolitan area surveyed by Coldwell-Banker. Of course, significant office completions in 1985 should once again cause a vigorous upward trend in the suburban vacancy market. At the present time, however, suburban vacancies in Atlanta are 10.5%, down from 11.5% in the previous quarter. Nationwide, the suburban vacancy rate also declined, but only to 17.9% from 18.1% in the previous quarter. The downtown vacancy rate nationwide now stands at 14.2% up from 13.5% in June. In Atlanta the 14.5% vacancy rate is virtually unchanged from the previous quarter. Of course, no signficant increases in supply were available in the latest quarter. However, this stabilization of downtown vacancy rates shows that suburban markets are not raiding the downtown area. Although the strength of employment suggests that absorption rates will approach six million square feet in 1984, absorption should slow to 5.5 million square feet in 1985. Completions are about one million square feet below absorptions this year, but will be almost a million

square feet above absorptions next year. That does not pose a problem, unless builders try to create even more square footage in 1986. Unfortunately, announced plans for construction suggests that just such an outcome may materialize.

Industrial vacancies declined nationwide to 4.6% in September. In Atlanta, a rash of activity led to a rebound to 2.3% in the industrial vacancy rate. That rebound is not a cause for alarm at the present time. However, a continuation of current construction activity in the industrial sector could lead to an overbuilding situation by the middle of 1985. Construction excesses in the Atlanta area are not substantial at the present time, but a continuation of current construction activity would lead to excesses by early 1986.

Atlanta thrifts continue to experience difficulties despite the surging Atlanta economy. Mortgage commitments fell a more than seasonal 23.5% in the latest quarter. Regulatory net worth continued to fall, showing a more than statewide decline of 0.8%. Savings capital grew, however, by 1.5%. The latest decline in short-term interest rates will be necessary to return the thrift associations in Atlanta to a reasonable degree of economic health.

The record surge in taxable sales recorded statewide was largely the result of a 25.6% increase in taxable sales in the Atlanta metropolitan area. This increase far outstrips any previous rate of gain from metro Atlanta. Indeed, taxable sales were a dramatic 6.5 points higher in the Atlanta area than in the booming state. Taxable sales showed at least 20% gains in Cherokee (22.7%), Cobb (24.2%), Forsythe (23.7%), Fulton (20.0%), Gwinnett (32.3%), Paulding (25.6%), Rockdale (26.2%), and Spalding (22.4%). The increase in Fulton was especially remarkable, as that county already accounts for more taxable sales than any other county in the state. As in many other counties, Fulton recorded the largest year-over-year increase in taxable sales that has ever been recorded with quarterly data. Obviously, sales cannot continue at such a vigorous level indefinitely into the future. Indeed, there appears to be a 4% gap between estimates of real disposable income and estimates of consumer spending in the Atlanta area. While conventioneers and tourists might account for some of this discrepancy, it appears that a dramatic reduction in the savings rates of local households is largely responsible for the sales surge. Obviously, a significant slowing in the growth of sales should now be anticipated in the months ahead.

Although the Atlanta economy appears to have an unsustainable consumer spending surge and is in the process of overbuilding houses, office space, and industrial space, the degree of excess is not large. Furthermore, continued gains in durable manufacturing employment will greatly relieve the absorption problem that these modest excesses otherwise would entail. Of course, employment growth will be much slower in '85 and '86 than during the 1984 boom. Barring a collapse in manufacturing growth, there is little likelihood that the Atlanta economy will slip into recession during the next two years.

Georgia State University
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Economic Forecasting Project
November 1984

Table 1

Georgia Wage & Salary Employment for 1983 with Forecasts for 1984 through 1986
(Thousands)

Industry	1983	1984	1985	1986	82-83	83-84	84-85	85-86
1. Mining	7.3	7.9	8.0	8.0	-1.4	8.2	1.3	0.0
2. Construction	110.3	132.2	134.6	130.7	7.1	19.8	1.8	-2.9
3. Manufacturing	508.7	531.6	538.9	544.8	1.7	4.5	1.4	1.1
Durables	184.2	201.7	210.6	215.3	3.1	9.5	4.4	2.2
Lumber	30.4	33.2	34.0	34.4	9.4	9.2	2.4	1.2
Furniture	9.8	10.1	10.2	10.3	3.2	3.1	1.0	1.0
Stone, Clay, Glass	17.1	17.5	17.6	17.8	4.9	2.3	0.6	1.1
Primary Metals	15.0	15.7	15.6	15.5	-6.8	4.7	-0.6	-0.6
Fabricated Metals	19.2	20.5	20.6	20.9	6.1	6.8	0.5	1.5
Nonelectrical Machinery	20.7	22.8	23.6	24.0	-0.5	10.3	3.5	1.7
Electrical Machinery	24.9	27.8	29.5	30.4	6.4	11.6	6.1	3.1
Transportation Equipment	35.2	41.4	46.3	48.4	0.9	17.6	11.8	4.5
Other Durables	11.9	12.7	13.2	13.6	2.6	6.7	3.9	3.0
Nondurables	324.4	329.9	328.3	329.5	0.9	1.7	-0.5	0.4
Food	58.3	57.1	56.8	57.3	0.0	-2.1	-0.5	0.9
Textiles	103.1	105.8	104.6	103.8	0.9	2.6	-1.1	-0.8
Apparel	69.2	71.4	70.9	71.2	0.1	3.2	-0.7	0.4
Paper	27.9	27.8	27.5	27.9	0.7	-0.4	-1.1	1.5
Printing	26.7	27.4	27.5	27.9	5.1	2.6	0.4	1.5
Chemicals	17.8	18.4	18.5	18.7	2.3	3.4	0.5	1.1
Leather	2.0	2.2	2.3	2.3	-9.1	10.0	4.5	0.0
Other Nondurables	19.5	19.8	20.2	20.4	0.5	1.5	2.0	1.0
4. Transportation, Comm. & Utilities	147.5	153.3	156.9	160.7	0.8	3.9	2.3	2.4
5. Trade	545.8	590.6	618.1	635.3	5.0	8.2	4.7	2.8
Wholesale	168.1	180.9	187.8	189.5	3.3	7.6	3.8	0.9
Retail	377.6	409.7	430.3	445.8	5.7	8.5	5.0	3.6
6. Finance, Ins. & Real Estate	121.1	127.0	131.2	135.1	3.3	4.9	3.3	3.0
7. Services	394.4	421.6	446.3	468.6	5.7	6.9	5.9	5.0
8. Government	437.0	434.6	436.3	440.5	0.7	-0.5	0.4	1.0
Federal	86.3	87.6	88.7	89.1	1.3	1.4	1.3	0.5
State & Local	350.8	347.0	347.6	351.4	0.6	-1.1	0.2	1.1
Total Wage & Salary Employment	2272.2	2398.8	2470.3	2515.7	3.2	5.6	3.0	1.8

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Table 2 Georgia Personal Income for 1983 with Forecasts for 1984 through 1986
(Millions of Dollars)

	1983	1984	1985	1986	82-83	83-84	84-85	85-86
Labor & Proprietors' Income:								
1. Wage & Salary Income	38155	43372	47324	51340	8.6	13.7	9.1	8.5
2. Other Labor Income	3941	4587	5169	5738	16.1	16.4	12.7	11.0
3. Proprietors' Income	3052	3712	4044	4219	14.5	21.6	8.9	4.3
Farm	530	684	777	834	-10.1	29.1	13.6	7.3
Nonfarm	2521	3028	3267	3385	21.1	20.1	7.9	3.6
Labor & Proprietors' Income:								
1. Farm	726	869	975	1046	-11.8	19.7	12.2	7.3
2. Mining	173	212	234	250	7.5	22.5	10.3	6.8
3. Contract Construction	2408	3063	3296	3451	12.0	27.2	7.6	4.7
4. Manufacturing	10144	11455	12441	13380	10.6	12.9	8.6	7.5
Durables	4231	4932	5514	5988	11.4	16.6	11.8	8.6
Nondurables	5914	6523	6927	7392	10.1	10.3	6.2	6.7
5. Transportation & Utilities	4685	5238	5694	6178	10.1	11.8	8.7	8.5
6. Trade	8644	9918	10933	11787	10.8	14.7	10.2	7.8
Wholesale	4175	4816	5341	5731	10.4	15.4	10.9	7.3
Retail	4469	5102	5592	6056	11.2	14.2	9.6	8.3
7. Finance, Ins. & Real Estate	2683	3132	3480	3817	17.2	16.7	11.1	9.7
8. Services	7387	8492	9587	10767	13.8	15.0	12.9	12.3
9. Other Industries	166	178	191	210	12.9	7.2	7.5	9.6
10. Government	8492	9114	9706	10411	7.3	7.3	6.5	7.3
Federal Civilian	2105	2178	2285	2424	7.4	3.5	4.9	6.1
Federal Military	1315	1416	1531	1667	5.4	7.7	8.1	8.9
State & Local	5072	5520	5890	6320	7.1	8.8	6.7	7.3
Plus:								
Property Income	8853	10029	11182	12267	2.7	13.3	11.5	9.7
State U.I. Benefits	287	183	197	218	-12.8	-36.2	7.7	10.7
Other Transfers	7786	8302	8808	9460	8.9	6.6	6.1	7.4
Residence Adjustment	-162	-194	-213	-219	-	-	-	-
Less: Social Ins. Contributions	2773	3192	3644	4005	11.1	15.1	14.2	9.9
Equals: Total Personal Income	59495	66799	72867	79018	9.3	12.3	9.1	8.4
Nonfarm Personal Income	58769	65930	71892	77972	9.6	12.2	9.0	8.5
% of U.S. Nonfarm	2.15	2.20	2.21	2.21	-	-	-	-

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Table 3 Atlanta MSA Wage and Salary Employment for 1983 with Forecasts for 1984 through 1986
(Thousands)

Industry	1983	1984	1985	1986	82-83	83-84	84-85	85-86
1. Contract Construction	50.5	59.3	58.8	58.5	13.5	17.4	-0.8	-0.5
2. Manufacturing	145.7	153.9	159.2	161.5	1.8	5.6	3.4	1.4
Durables	74.2	81.7	87.0	88.8	2.2	10.1	6.5	2.1
Lumber	3.0	2.9	2.8	2.8	11.1	-2.5	-3.4	0.0
Furniture	3.9	4.0	3.9	4.0	5.4	2.6	-2.5	2.6
Stone, Clay, Glass	7.8	8.3	8.4	8.5	14.7	6.4	1.2	1.2
Primary Metals	4.5	5.2	5.3	5.2	-15.1	15.6	1.9	-1.9
Fabricated Metals	8.3	8.8	9.0	9.0	12.2	6.0	2.3	0.0
Nonelectrical Machinery	7.7	7.9	7.9	7.8	0.0	2.6	0.0	-1.3
Electrical Machinery	11.8	12.1	12.5	12.8	0.0	2.5	3.3	2.4
Transportation Equipment	22.2	26.9	31.2	32.5	-0.9	21.2	16.0	4.2
Other Durables	5.0	5.6	6.0	6.2	4.2	12.0	7.1	3.3
Nondurables	71.5	72.2	72.2	72.7	1.4	1.0	0.0	0.7
Food	19.3	19.2	19.4	19.7	1.6	-0.8	1.0	1.5
Textiles	4.2	4.1	3.9	3.7	-12.5	-2.4	-4.9	-5.1
Apparel	9.0	9.2	9.2	9.3	2.3	2.2	0.0	1.1
Paper	8.1	8.1	7.9	8.0	5.2	-0.6	-1.9	1.3
Printing	16.9	17.0	16.9	16.8	3.0	0.6	-0.6	-0.6
Chemicals	7.8	8.1	8.2	8.3	1.3	3.8	1.2	1.2
Other Nondurables	6.2	6.5	6.7	6.9	-1.6	4.8	3.1	3.0
3. Transportation, Comm. & Utilities	92.0	95.7	98.8	100.5	0.2	4.0	3.2	1.7
4. Trade	297.2	321.2	339.2	347.6	6.0	8.1	5.6	2.5
Wholesale	110.3	116.7	120.4	120.9	4.3	5.8	3.2	0.4
Retail	186.9	204.5	218.8	226.7	7.1	9.4	7.0	3.6
5. Finance, Ins. and Real Estate	75.4	77.1	79.2	81.3	5.3	2.3	2.7	2.7
6. Services	230.2	252.1	268.3	283.1	6.7	9.5	6.4	5.5
7. Government	165.1	167.5	170.4	172.5	1.2	1.5	1.7	1.2
Federal	33.9	34.3	34.6	34.6	0.0	1.2	0.9	0.0
State & Local	131.2	133.2	135.8	137.9	1.5	1.5	2.0	1.5
Total Wage & Salary Employment	1056.2	1126.8	1173.9	1205.0	4.6	6.7	4.2	2.6

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Table 4 Atlanta MSA Personal Income for 1982 with Estimates for 1983 and Forecasts for 1984 through 1986
(Millions of Dollars)

	1982	1983	1984	1985	1986	82-83	83-84	84-85	85-86
Labor & Proprietors' Income:									
1. Wage & Salary Income	18528	20566	23365	25747	27968	11.0	13.6	10.2	8.6
2. Other Labor Income	1826	2127	2487	2810	3133	16.5	16.9	13.0	11.5
3. Proprietors' Income	1024	1264	1527	1654	1744	23.4	20.8	8.3	5.4
Farm	36	30	38	38	37	-16.7	26.7	0.0	-2.6
Nonfarm	988	1234	1489	1616	1707	24.9	20.7	8.5	5.6
Labor & Proprietors' Income:									
1. Farm	49	45	53	54	54	-8.2	17.8	1.9	0.0
2. Contract Construction	1040	1231	1537	1614	1728	18.4	24.8	5.0	7.1
3. Manufacturing	3521	3893	4431	4910	5297	10.6	13.8	10.8	7.9
Durables	1958	2164	2536	2888	3134	10.5	17.2	13.9	8.5
Nondurables	1563	1729	1895	2022	2163	10.6	9.6	6.7	7.0
4. Transportation & Utilities	2941	3221	3604	3950	4258	9.5	11.9	9.6	7.8
5. Trade	5107	5716	6530	7239	7778	11.9	14.2	10.9	7.4
Wholesale	2926	3260	3703	4084	4362	11.4	13.6	10.3	6.8
Retail	2181	2456	2827	3155	3416	12.6	15.1	11.6	8.3
6. Finance, Ins. & Real Estate	1607	1916	2186	2415	2642	19.2	14.1	10.5	9.4
7. Services	4000	4592	5400	6124	6908	14.8	17.6	13.4	12.8
8. Other Industries	90	99	105	112	119	10.3	5.6	6.7	6.8
9. Government	3023	3244	3533	3793	4061	7.3	8.9	7.4	7.1
Federal Civilian	852	904	934	976	1030	6.1	3.3	4.5	5.6
Federal Military	155	163	174	185	197	5.5	6.7	6.1	6.5
State & Local	2016	2177	2425	2632	2834	8.0	11.4	8.5	7.7
Plus:									
Property Income	3815	3926	4483	4994	5484	2.9	14.2	11.4	9.8
Transfer Payments	2630	2835	2977	3153	3389	7.8	5.0	5.9	7.5
Residence Adjustment	-501	-562	-585	-613	-629	-	-	-	-
Less: Social Ins. Contributions	1325	1488	1722	1985	2184	12.3	15.7	15.2	10.0
Equals: Total Personal Income	25997	28668	32532	35760	38905	10.3	13.5	9.9	8.8
Nonfarm Personal Income	25948	28623	32479	35706	38851	10.3	13.5	9.9	8.8
% of Georgia Nonfarm	47.09	48.70	49.26	49.67	49.83	-	-	-	-
Population (#,Thousands)*	2243	2292	2354	2420	2477	2.18	2.71	2.80	2.36

*New MSA definition, which was 2138 in 1980

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	83-3	83-4	84-1	84-2(r)	84-3	Sept. (p)	83-3	83-4	84-1	84-2(r)	84-3	Sept. (p)
Total	2285.8	2316.2	2347.9	2380.5	2428.1	2438.4	1061.1	1080.3	1122.8	1114.9	1137.5	1144.4
Mining	7.4	7.5	7.8	7.9	7.9	7.9	-	-	-	-	-	-
Contract Construction	113.1	116.3	122.8	129.1	137.4	139.3	51.4	55.5	59.6	58.0	59.3	60.7
Manufacturing	511.5	519.5	526.9	529.9	535.5	534.4	145.7	148.4	154.1	153.1	155.2	155.9
Durables	185.5	189.4	195.9	198.7	204.8	206.1	74.0	76.4	82.1	80.8	82.9	84.0
Lumber	30.8	31.3	32.1	32.5	33.6	34.1	3.0	3.0	3.0	2.9	2.9	2.9
Furniture	9.9	9.9	10.0	10.1	10.2	10.2	3.9	4.1	4.1	4.1	4.0	4.0
Stone, Clay, Glass	17.1	17.5	17.4	17.2	17.7	17.7	7.9	8.1	8.2	8.2	8.5	8.4
Primary Metals	14.3	15.5	15.6	15.9	15.9	15.7	3.8	4.9	5.2	5.3	5.3	5.3
Fabricated Metals	19.6	19.8	20.5	20.3	20.5	20.6	8.5	8.9	8.8	8.7	9.0	9.0
Nonelectrical Machinery	20.9	21.6	22.1	22.6	23.3	23.3	7.8	7.9	8.2	8.1	8.0	7.9
Electrical Machinery	25.4	26.0	26.8	27.4	28.4	28.4	11.9	11.8	11.9	12.1	12.2	12.2
Transportation Equipment	35.6	35.7	39.2	40.2	42.3	43.2	22.1	22.5	27.1	25.8	27.3	28.5
Other Durables	11.9	12.1	12.2	12.5	12.9	12.9	5.1	5.2	5.6	5.6	5.7	5.8
Nondurables	326.0	330.1	331.0	331.2	330.7	328.6	71.7	72.0	72.0	72.3	72.3	71.9
Food	58.4	58.9	57.0	57.7	57.1	56.6	19.3	19.4	19.1	18.9	19.3	19.1
Textiles	104.1	105.4	106.4	106.4	105.8	105.3	4.2	4.0	4.0	4.2	4.1	4.0
Apparel	69.3	70.4	71.8	71.9	71.8	70.6	9.1	9.0	9.2	9.4	9.1	9.2
Paper	27.9	28.1	28.5	27.9	27.7	27.6	8.2	8.2	8.2	8.2	7.9	7.9
Printing	26.9	27.0	27.2	27.4	27.7	27.4	17.0	17.2	17.1	17.2	17.0	16.9
Chemicals	17.9	18.2	18.5	18.4	18.4	18.4	7.7	7.8	8.1	8.1	8.2	8.1
Leather	1.9	2.0	2.0	2.1	2.2	2.3	-	-	-	-	-	-
Other Nondurables	19.6	20.1	19.6	19.4	20.0	20.1	6.2	6.4	6.3	6.3	6.7	6.7
Transportation, Comm. & Util.	145.8	150.5	152.0	152.5	154.2	154.6	90.4	94.0	95.0	95.4	95.9	96.5
Trade	550.5	559.0	570.1	583.0	601.9	607.3	299.8	303.9	317.3	317.7	325.3	329.5
Wholesale	169.1	172.2	175.3	178.4	183.9	186.1	111.4	112.4	116.1	116.1	118.3	119.2
Retail	381.4	386.8	394.8	404.6	418.0	421.2	188.4	191.5	201.2	201.6	207.0	210.3
Finance, Ins. & Real Estate	121.4	122.8	124.7	126.0	128.5	128.8	75.5	76.2	76.8	76.4	77.2	77.2
Services	398.1	404.1	408.9	416.9	428.6	431.9	232.4	237.2	251.6	248.9	255.4	256.0
Government	438.0	436.5	434.7	435.2	434.1	434.2	165.9	165.1	168.4	165.4	169.2	168.6
Federal	86.4	87.1	87.1	86.8	87.8	88.5	34.0	34.4	34.6	33.4	34.6	35.0
State & Local	351.6	349.4	347.6	348.4	346.3	345.7	131.9	130.7	133.8	131.1	135.1	133.6

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Table 6 Metro Atlanta Housing Permits for 1982 and 1983 with Forecasts for 1984 through 1986

	1982		1983		1984		1985		1986	
County	single	multi	single	multi	single	multi	single	multi	single	multi
Cherokee	885	0	1172	14	1320	30	1250	40	1380	60
Clayton	642	28	1269	6	1180	480	1100	300	1060	200
Cobb	3337	824	5986	4243	6120	4050	5970	3460	5950	3880
DeKalb	2023	1107	3119	4371	2985	2750	3030	2320	2750	2560
Douglas	307	4	658	6	540	10	505	20	620	25
Forsyth	277	30	463	14	590	50	650	70	780	100
Fulton	2175	2601	3748	3321	2750	3630	2260	3000	2190	3620
Gwinnett	3686	1523	5980	3226	5950	5930	6120	4620	6340	4150
Henry	334	10	602	18	665	35	750	50	840	70
Rockdale	261	138	437	144	595	70	680	100	760	130
Total	13936	6265	23434	15363	22695	17035	22315	13980	22670	14795
% Change From Previous Year	+37.7	+10.9	+65.1	+111.3	-3.2	+10.9	-1.7	-17.9	+1.6	+5.8
% Change in Total (single + multi)	+28.0		+79.5		+2.4		-8.6		+3.2	

Note:
The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category.

Source: Homebuilders Association of Metro Atlanta

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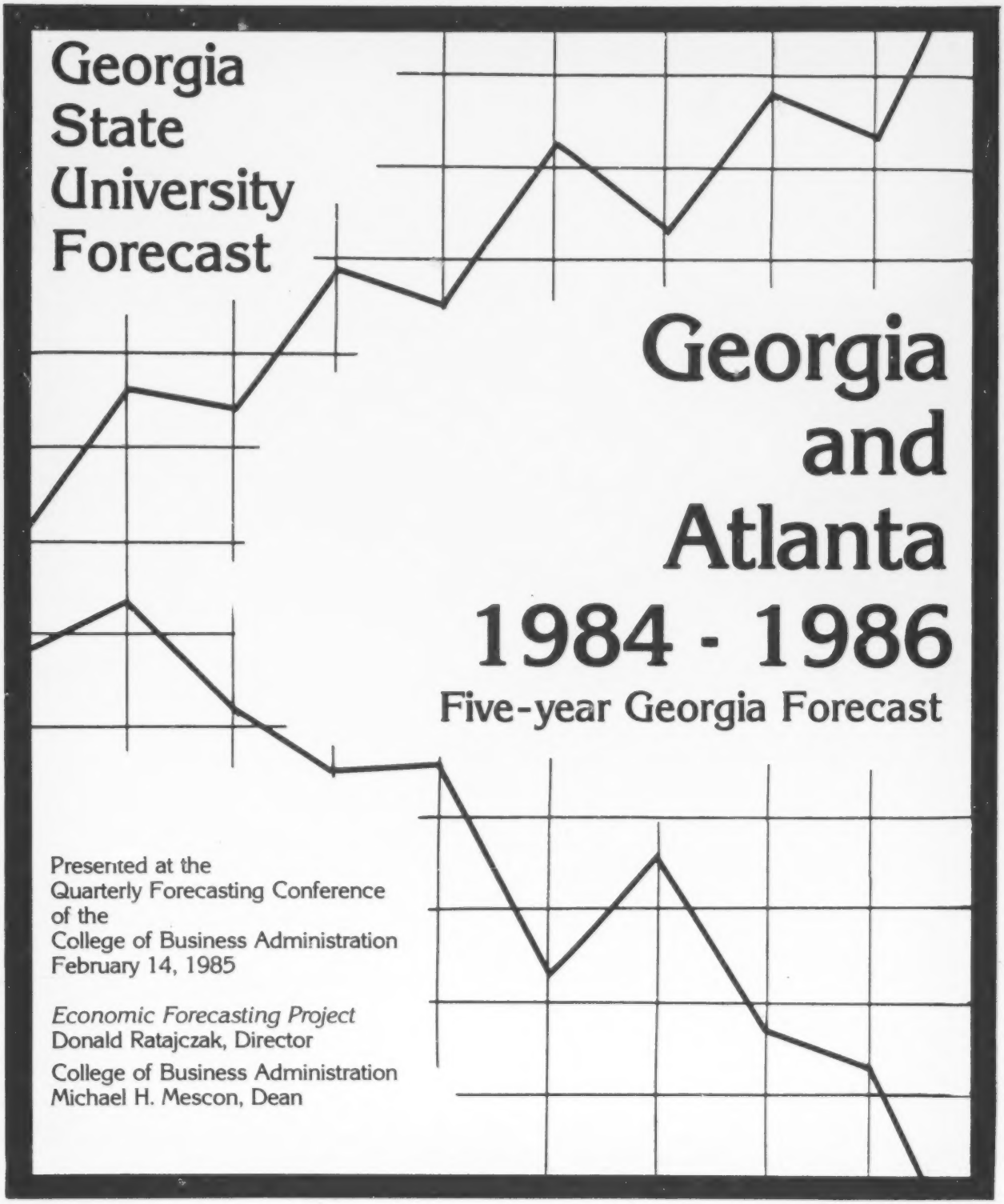

Georgia and Atlanta 1984 - 1986

Five-year Georgia Forecast

Presented at the
Quarterly Forecasting Conference
of the
College of Business Administration
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Economic Forecasting Project
Donald Ratajczak, Director

College of Business Administration
Michael H. Mescon, Dean

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MOMENTUM CARRIES GEORGIA BOOM INTO 1985

Dr. Donald Ratajczak
Director
Economic Forecasting Project
Georgia State University

Data Revisions

About this time every year more complete employment information from March of the previous year is incorporated into the latest employment estimates. Although allowances are made for estimating new businesses not incorporated in the employment surveys, these revisions normally raise employment estimates when the economy is expanding and lowers them when the economy is contracting. With the Georgia economy booming, upward revisions were anticipated. However, the revisions this year are even more spectacular than expected. Employment growth in Georgia was 7.8% during 1984, not the 5.6% originally expected. An additional 58,600 jobs were uncovered by the data revisions. Significantly, virtually none of the revisions occurred in construction. As a result, the construction boom that appeared to be outstripping economic needs was merely keeping pace with the surge in employment activity.

On the other hand, already excessive employment gains in wholesale and retail trade were sharply revised upward. Data revisions added 8,700 jobs to estimates of wholesale employment and added an additional 8,900 jobs to retail employment. The largest increase in employment, as a result of data revision, was in services where an additional 18,400 jobs were added. Employment in all three sectors grew at double-digit rates in 1984, even exceeding the robust rates of gain they experienced in the early 1970s.

Data revisions modified the decline in state and local government payrolls by 3,900 jobs, but a decline still developed. Modest upward revisions also occurred in the finance and transportation services sector.

Surprisingly, upward revisions were more substantial in slow growing nondurables manufacturing than in the fast growing durable areas. Initial job estimates for apparel, paper and printing all were understated by more than 2,000 jobs. In durable manufacturing, only transportation equipment experienced a 2,000 job upward revision. Other significant favorable revisions were for lumber (1,200) and the stone, clay, glass group (1,500 jobs). Downward revision occurred for fabricated metals, leather, and electrical machinery. While machinery is expanding rapidly in Georgia, it is the nonelectrical sector that appears to be experiencing the greatest gains.

While these data revisions suggested that Georgia construction was not excessive, it further intensified developing excesses in the trade sector and established a rate of gain in services (42,400 jobs) that cannot easily be duplicated.

Recent Activity

After showing the second most rapid increase in nonfarm personal income of all fifty states during the second quarter, Georgia did one better in the third quarter. As the Atlanta CPI increased a half percentage point slower than consumer prices nationwide during the past year, these personal income gains are especially impressive. The Georgia economy grew more than four percentage points more rapidly than nationally at annual rates during the third quarter. For all of 1984, our coincident indicators suggest that Georgia grew 8.3% as compared to a gain of 6.8% for the nation. Moreover, the Georgia economy expanded more rapidly than nationwide in 1983.

In the past year, earnings in Georgia grew more rapidly than nationwide in all sectors except federal civilian employment and farm income. Property income showed the same dramatic 15.2% increase in Georgia as in the nation, although unemployment compensation benefits declined less sharply in Georgia than in the nation, largely because Georgia experienced a more significant improvement in the previous year.

Most of these rapid gains in personal income during the past year continued in the third quarter. Georgia wage and salary income expanded 2.9% in the month as compared to a 1.5% gain for the nation. However, some pockets of moderate weakening developed in the summer months. Nondurable payrolls slipped in Georgia while they continued to rise modestly nationwide. Payrolls for state and local employees also trailed the national average, reflecting budgetary restraint during the previous year. Especially large relative increases were recorded for construction (7.4% v 1.2%), durable manufacturing (6.0% v 1.4%) wholesale trade (4.3% v 2.4%), retail trade (2.8% v 0.5%) and services (3.5% v 1.9%). Also, military personnel increased in the state, leading to a payroll gain of 1.7% in the quarter as compared with 0.3% for the nation.

The coincident indicators for Georgia did not show the same degree of economic slowing during the summer months as occurred in the nation. As a result of diminished activity in auto assembly plants, the coincident indicators grew only 0.2% in October. However, this is still the equivalent of more than 3% growth at annual rates. The Georgia economy then rebounded strongly in November and December. The December performance, suggesting a rate of expansion approaching 10%, may be overstating the current strength in the Georgia economy. Unusually mild weather led to more substantial gains in the workweek and maintained more significant construction activity than normally would have prevailed. We anticipate a significant slowing in the coincident indicators during January to reverse these seasonal distortions. Nevertheless, all coincident indicators contributed positively to the index in December. Even farm receipts were up significantly as a result of favorable conditions in the poultry industry. In addition, a more rapid expansion in hours worked than in estimates of economic activity suggest that some of the strong employment gains during the fourth quarter were the result of weakness in productivity. By contrast, data revisions indicate that productivity continued to advance vigorously in Georgia during the third quarter, possibly expanding as much as 3% at annual rates in that quarter. This weakening in productivity is only modestly reflected in the slowing in corporate tax accurals in recent months.

Georgia's leading indicators suggest that some slowing in Georgia's growth rate may develop in the next few months. However, the magnitude of slowing, except in construction, is not expected to be significant. In construction,

however, declining residential permits and an abrupt plunge in nonresidential permits suggests that activity will fall during the winter months. However, a rapidly growing workweek indicates that any employment falloff as a result of poor productivity gains should be relatively modest. After booming in the first half of 1984, consumer activity has slowed dramatically, but continues to grow at levels that would sustain economic expansion in excess of 5% in that sector. Revenue growth also has slowed following a surge during the summer months. Because of previous budgetary gains, any fears of restraint as a result of this modest slowing in the growth of inflation-adjusted revenues is not justified. Indeed, the degree of slowing signalled by the leading indicators is not substantial. During the past three months, the indicators grew at a rate suggesting more than a 6% real growth in the Georgia economy during the early months of 1985. To be sure, this would be a substantial slowing from the 8.3% rate of growth sustained in Georgia during 1984. However, Georgia's leading indicators have increased in the past five months, a dramatic difference from the national indicators, which not only declined in December but have fallen in five of the past seven months.

Georgia's early warning indicator, the ratio of leading to coincident indicators, remains below its April peak, but it has been trendless in recent months. Obviously, the expansion that occurred in Georgia during the first half of 1984 was not sustainable, but the current rate of growth, which is in the 5-6% real growth vicinity, appears to be sustainable. In other words, the Georgia economy has a better chance of making a soft landing to sustained growth than appeared likely three months ago.

Seasonally adjusted payroll employment estimates contained in Table 5 show that Georgia payrolls expanded at a sharp 6.4% annual rate in the fourth quarter, as compared with a slower 4.1% nationwide. An increase in the hours worked suggest even more vigorous payroll employment gains are likely early in 1985. However, weather conditions may have been more responsible for expansion in the workweek late in 1984 than any unexpected surge in orders.

Manufacturing payrolls showed little growth in the fourth quarter, which normally would be cause for some concern. Clear evidence that textile employment has peaked and that apparel employment also is weakening should be viewed with concern. These industries suffer from significant import exposure and nothing has yet happened to reverse their newly declining trends. However, weakness in transportation equipment reflects strike related activity at GM and should be no cause for alarm. Employment trends remain significantly upward for nonelectrical machinery and for building materials. Some weakness in electrical machinery is surprising, but not yet alarming.

Excluding manufacturing, all other sectors continue to contribute vigorously to Georgia's employment gains. Weather may have helped the increase in construction activity during December, but employment trends would have been upward even without an exceptionally strong December. Further gains are expected in the transportation components, as airlines continue to add more flights and as trucking activity continues to expand. Of course, employment in the trade sector continued to expand vigorously, although current rates of gain no longer can be consistent with reduced growth rates in consumer sales. A need for a pause in both wholesale and retail employment is increasing, but sufficient momentum exists in these sectors to insure another year of vigorous employment gains in 1985 before any correction materializes. Gains continue to modestly develop in the finance sector, although explosive housing activity in

the spring is possible, and could swell the real estate ranks at that time. Finally, expanding military installations, increasing contract authorization and increasing Post Office needs associated with an expanding population combine to increase federal payroll. More modest gains are anticipated next year. However, more rapid increases in payrolls for state and local employees and a need to improve Georgia's educational system will more than offset slugglishness at the federal level.

After establishing a year-over-year record during the second quarter, taxable sales in Georgia reflected the same consumer slugglishness that appeared nationwide during the summer months, gaining 13.6% over previous year levels. With personal income growing 13.1% over the same period, and tax reductions causing disposable income to exceed 14% from previous year levels, savings rates increased modestly in Georgia during the summer. Thus, consumer activity fell back to sustainable levels after surging three percentage points above realistic assessments of purchasing power during the spring. After adjustment for inflation, taxable sales were growing slightly less than 10%. Obviously, employment gains in wholesale trade of nearly 12% and gains of more than 10% in employment at retail establishments are more than sufficient to maintain this volume of consumer activity. With taxable sales after adjustment for inflation falling below 10%, employment gains in the trade sector should not exceed more than 8%. This suggest that employment is slightly redundant under current conditions in the trade sector and should slow relative to sales activity in 1985. Such a slowing is not anticipated, but the result will be less profitable retailing than is healthy for the long-term development of that sector.

Unemployment in Atlanta continues to be a surprisingly favorable story for Georgia. The insured unemployment rate remains below 1.1% of all covered employees while the total unemployment rate in Atlanta fell to 4.3% in November. Despite these surprisingly low rates of unemployment, Atlanta still was able to lower its unemployment rate by 1.2 percentage points from the previous year. For all of Georgia, unemployment improved only 0.9 percentage points to 5.6%. The insured unemployment rate in Georgia was 1.7%, which still compared favorably with a 3.0% rate for the United States. Georgia's unemployment rate should average about 5.5% in 1985 before rising modestly to 5.8% in 1986. Because of developing weakness in textiles, one metropolitan area, Columbus no longer is showing improvement in the unemployment rate. In November, unemployment in that area increased to 8.8% from 7.8% in the previous year. Albany, which continues to export its workforce to other areas, was able to lower its unemployment rate from 9.1% a year ago to 7.5% in the latest month. Savannah also used a declining labor force to help reduce unemployment from 7.7% to 6.9% in the past year. Even with a declining labor force, unemployment in Macon appears to be stuck at 6.7%. This is only a marginal improvement from 7.1% a year ago. Augusta experienced a sharp reduction in its unemployment rate, although declining labor force conditions also were significant there. The unemployment rate fell from 8.6% to 6.3% in the past year. Athens continued to show the second lowest unemployment rate with a 5.1% rate in November, but the close proximity to Atlanta and its booming labor market probably prevents the unemployed from remaining in the Athens area.

Despite the boomimg Atlanta economy, inflation in Atlanta has remained surprisingly below the national rate. While the CPI grew 4.0% nationwide in the past twelve months, it increased only 3.5% in Atlanta. Prices at the grocery store grew more slowly in Atlanta than nationwide, with the meat component actually showing a decline from previous year price levels. Dairy products

increased more rapidly in price in Atlanta than nationwide. In addition, menu prices away from home increased 6.0% in Atlanta as compared to a gain of 4.2% in the nation. Thus, food prices actually rose more in Atlanta than the nation, even with smaller gains for grocery prices. Surprisingly, the cost of shelter grew more slowly in Atlanta despite a booming housing market. Rental rates increased slightly below national rates of gain while homeowners' costs grew decidedly more slowly. By increasing the affordability of homeownership, these moderate price increases should sustain the real estate boom through 1985. Other favorable price trends for Atlanta were in transportation (2.1% v 3.1%), entertainment (3.2% v 4.2%), and household furnishings (0.7% v 1.5%). Clothing prices, on the other hand, rose more sharply in Atlanta than nationwide. This probable explains why prices for apparel and upkeep plunged more sharply in Atlanta during the past two months than in the nation. The Atlanta CPI probably will grow more closely to national averages in 1985, as gasoline prices already have fallen more than nationwide while very modest increases in homeowners' cost cannot continue as housing site prices begin rising significantly. However, prices are not expected to grow more than 4.0% during 1985. In 1986, prices may accelerate, but increases should still remain below 5.5%.

As expected, declining interest rates substantially improved the regulatory net worth of Georgia's thrift institutions during the fourth quarter. Regulatory net worth expanded 4.5% in the state as compared with a 3.8% gain in the southeast and a smaller 2.2% increase nationwide. Further gains in regulatory net worth are anticipated during the first quarter of 1985. If savings improved in Georgia during the latter half of 1984, not much of it flowed to Georgia thrifts, where savings capital expanded only 1.8%. This is far below the 4.5% gain in the region or the 3.4% increase experienced nationwide. Because of this slower accumulation of savings capital, Georgia thrifts encouraged a larger runoff of mortgage commitments than in other parts of the country. The 13.3% Georgia runoff compares with an 8.1% runoff nationwide and a lesser 6.6% reduction in commitments in the southeast.

Effective mortgage rates have not declined in recent months, despite significant reductions in rates quoted with commitments. On all loans closed, the effective rate nationwide was 12.71% in December, 0.29 percentage points above previous year levels. In Atlanta, the mortgage closing rate was 12.81%, a 0.38 percentage point increase from the previous year. Conventional rates in Atlanta should fall to the vicinity of 12.50% by the spring of 1985. Rates then are expected to increase to the vicinity of 13% by the end of 1985. A decline in rates to the vicinity of 12.5% could occur in 1986. Housing prices in Atlanta increased $3,800 above previous year levels in the latest month, while increases nationwide were a more significant $5,800 increase.

Revenue growth has slowed in Georgia to a more normal 13.2% gain over previous year levels following a surge during the summer. Further slowing is likely, as the January collections showed only a 12.6% gain over the previous year. This 13.2% quarterly gain compares with a distorted 22.2% increase in the summer months and gains of 15.5%, 14.3%, and 12.4% in previous quarters. Although revenue gains have slowed, tax collections almost certainly will expand at a record 15.0% in the current fiscal year, dramatically above the 9.1% required to balance Georgia's budget. Receipts will grow much more slowly in subsequent years. We are currently projecting gains of 11.0% for the next fiscal year and 9.5% for the year after that. While the 11.0% is not sufficient to meet the Governor's budget, sufficient surplus will be carried forward from the current year to insure that educational reform can proceed.

Sales tax receipts continue to slow to only a 12.9% gain over previous year levels during the fall. This compares with increases of 16.5%, 19.2%, 14.6%, and 13.4% in previous quarters. All state and local governments showed a gain in sales tax receipts of 10.2%, not materially different from the 10.1% during the summer but somewhat slower than the 11.2%, 14.1%, and 12.7% in previous quarters. Tax collections for personal income returned to a more normal 14.2% gain following a tax refund distorted 31.4% increase during the summer. In previous quarters, personal tax growth was 11.1%, 11.0%, and 13.2% above previous year levels. All state and local governments showed surprisingly weak income tax collections, with personal taxes gaining only 5.5% above a year ago. This compared with moderate gains of 6.6% in the summer, and increases of 12.6%, 15.2%, and 16.0% in previous quarters. Similiarly, corporate profitability appeared surprisingly weak in all state and local governments, showing an actual estimated decline of 2.8% following no increase in the summer and much more substantial gains of 26.9%, 61.5%, and 39.5% in previous quarters. By contrast, corporate profitability as reflected by tax accruals was up 29.5% in Georgia. This compares with gains of 34.1%, 28.1%, 49.9%, and 25.6% in previous quarters. Because of such strong gains in corporate profitability, the falloff in economic activity in Georgia will not be as dramatic as originally expected.

Summary of Outlook

Obviously, employment gains in the construction sector cannot maintain a 22% rate of expansion. However, upward revisions in employment gains, especially in the heavy office using service sectors suggest that Georgia is not overbuilt at the present time. Projections for 1985 merely indicate that construction activity at the end of 1984 will be sustained through 1985. Anticipated slowing in employment gains elsewhere will require a modest construction correction in 1986.

Employment gains are expected to remain vigorous for most durable goods industries in 1985. Rapid growth is expected to continue in the building-related activities, while nonelectrical machinery should show further significant gains as a result of new plant locations. Further expansion also is expected in military purchases reflected in the transportation equipment sector. Weakness in automobile sales late in 1985 and 1986 should begin to reverse the strength in transportation equipment in 1986. Fabricated metals, which are suffering from import pressures, also are expected to decline at that time, along with a modest decline in building-related industries.

More significantly, employment gains are expected to be minimal in nondurable manufacturing during 1985. Actual declines are expected in several industries, especially the textile and apparel industries. Declines will be anticipated in those industries again in 1986. At the same time, previously vigorous gains in printing and chemicals will slow sharply. Indeed, it now appears that manufacturing employment will fall slightly in 1986.

The big questions for nongoods industries are how rapid employment in the trade sector will slow and whether dramatic gains in services can continue beyond 1985. As our calculations already show that consumption growth no longer can sustain employment growth in the trade sector, employment growth in that sector is expected to slow dramatically by 1986. Government will continue to restrain employment gains, even with improved budget conditions and the

education initiative of the governor. In 1985, slowing in Georgia should not be apparent except in the non-metropolitan area manufacturing belt. By 1986, more substantial slowing in employment gains is likely, although imbalances do not appear to be sufficient, except in the trade sector, to warrant any more pessimistic outlook than a return to modest growth.

The boom in employment is largely reflected in personal income gains for 1984. Only nondurables and the government sector failed to register double-digit earnings gains during the current year. Double-digit wage gains still appear to be likely in 1985 as a result of continued rapid expansion in the trade sector, construction, finance and services. Although the Georgia farm economy is expected to rebound in 1986, personal income should decidedly slow at that time.

Considering the magnitude of the Georgia boom, economic activity remains reasonably balanced. Construction is not excessive for the current rate of employment growth. Of course, as employment growth slows late in 1985 and in 1986, the level of construction activity must decline. Georgia consumers no longer are dipping into savings to sustain their current levels of activity. Thus, the more modest 12-13% rates of gain in taxable sales should be sustainable through 1985. However, after adjustment for inflation, these gains translate into smaller increases in sales volumes at trade establishments than the employment gains that are occurring in that sector. Indeed, the swelling of trade employment may be the major reason why productivity declined in Georgia during the fourth quarter. Georgia must be concerned by the impact that imports are exerting upon some of its traditional manufacturing industries. Despite near record employment in carpeting, textiles already have peaked for this cycle. If the carpet industry also slows, the degree of employment loss in the textile industry could be sufficiently large to slow all other activity in Georgia.

Our current estimates suggest that real economic activity expanded 8.3% in Georgia during 1984. We are projecting output gains after inflation of nearly 6% in 1985. Activity then is expected to slow to less than 3.5% in 1986.

DATA REVISIONS RESTORE BALANCE TO ATLANTA BOOM

Data Revisions

The benchmark revisions appear to be even more dramatic for Atlanta than for Georgia. However, the addition of three new counties (Barrow, Coweta, and Spalding) raise metropolitan employment by nearly 35,000. Comparing employment growth rates between 1984 and 1983, both years when additional counties were included, shows that data revisions increased employment gains from 6.7% to 9.0%. The already booming service sector had its employment gains revised up to 11.9%, while the trade sector was revised upward to 10.5% from 8.1% in our previous projections. Nonelectrical machinery showed the most surprising gains, converting a projection of only 2.6% employment growth to an actual gain of 18.3%. Moreover, the addition of a new plant insures double-digit gains in that component during 1985.

A sharp upward revision in employment, and especially service employment, indicates that the construction boom is justified. Employment gains must remain at these high levels to continue justifying the level of construction activity that currently exists in the Atlanta area. As employment almost certainly will slow late in 1985 and in 1986, some imbalances probably will develop at that time.

The data revisions also will lead to significant upward revisions in personal income for Atlanta. Adjustments have been made in Table 4 to reflect this stronger employment environment. After adjustment for tax changes, disposable personal income in Atlanta increased nearly 15% in 1984. With the inflation rate growing at less than 4%, this means that real disposable income grew in excess of 11%. This is broadly consistent with the 20% increase in taxable sales recorded during the third quarter. In other words, savings rate probably remained unchanged in the average Atlantan household during the third quarter even as spending was sufficient to justify more than a 10% increase in trade employment. Unlike the remainder of Georgia, where excesses in trade employment already appear to have developed, there appears to be little excess in the Atlanta economy. Only the realization that employment cannot continue to grow at annual rates of 9% suggest that the current boom cannot be sustained in the Atlanta area. Under such balanced conditions, employment gains should remain vigorous throughout 1985 and into 1986.

Recent Activity and Outlook

Payroll employment continued to expand rapidly according to our seasonally adjusted employment estimates in Table 5, growing at an annual rate of nearly 9% in the fourth quarter. Mild weather almost certainly caused construction to increase sharply after seasonal adjustment and may also have distorted some other employment conditions. Thus, some slowing in seasonally adjusted employment gains almost certainly should develop early in 1985.

Strong gains in durable goods employment appear to be diminishing. New plant activity for nonelectrical machinery was responsible for almost all the durable employment gains during the fall. Employment gains in the transportation equipment sector may be reaching a level of maturity. Another 1800 jobs are expected to be created in the C-5 program, but this maximum compliment should be reached by the middle of 1985. No further signficant employment gains are expected for the auto assembly plants. On the other hand, no significant employment losses are expected in the nondurable sector. Apparel has weakened, but this is being offset by continuing strength in printing. Moreover, the decline in textiles and apparel is not as significant to the Atlanta economy as to the remainder of Georgia.

Continuing expansion of airline activity at Hartsfield Airport is contributing to the growth in transportation services. Also, the establishment of a headquarters for the telephone operating company should begin to generate some employment opportunities in the communications area. Employment in the trade sector continues to grow rapidly, although some slowing appears to be developing in the wholesale trade sector. If our personal income projections are right, the need for retrenchment in the trade sector is less substantial in Atlanta than the remainder of Georgia. Continuing moderate growth should be expected in the finance and real estate sector while the dynamic explosion in employment gains registered in the services sector appears to show few signs of abating. Even with relatively modest employment gains in the government sector,

Atlanta employment trends remain healthy. In keeping with preliminary estimates of a 105,000 expansion in population for the state of Georgia, it appears that population expanded 68,000 in metropolitan Atlanta. However, the strong employment gain suggests that both figures might be revised upward. If so, estimated potential absorption of metropolitan Atlanta housing, which has been added to Table 6, will be revised upward. These estimates are based upon probable household formations and changes in the density of housing, with housing being adjusted for demolitions, abandonment, and vacancies. These absorption estimates are static, meaning that changes in housing affordability might alter the composition of housing absorption but will not alter the magnitude of absorption. Over time, such an assumption is valid. At any point in time, however, absorption levels could rise or fall substantially for any prevailing projection of household formations as a result of financial conditions. As financial conditions appear to be more favorable in 1985 than in 1983 and 1984, actual absorption could exceed projected numbers by several thousand units.

Based upon current estimates of population growth as explained above, metropolitan Atlanta added to its housing inventory both in 1983 and 1984. However, the degree of addition in 1984 was smaller than in 1983. Based upon our current projections, no additions to housing inventory are expected in 1985. As our projections suggests that single family activity may intensify slightly, although multi-units almost certainly will decline, such a projection suggests that no housing imbalances exist in the metropolitan area at the present time. Moreover, an upward revision in population estimates for Georgia and Atlanta would lead to upward revisions in our projections. Certainly, no significant correction in housing is anticipated until 1986, and any correction that develops will be more heavily concentrated in the multi-family than single family units.

The latest Coldwell-Banker estimates indicate that available space is beginning to grow more rapidly than absorption in the Atlanta area. Vacancies in both downtown and surburban Atlanta markets increased significantly in their December report. Downtown vacancies now stand slightly above the national average, although surburban vacancies continue to be well below national levels. These figures suggest that absorption rates no longer are rising as rapidly as available space, but the differences are not very large. Industrial space, however, is posing a different problem. A surge in construction activity has caused a dramatic acceleration in industrial vacancy rates during the past six months. At 3.3%, the vacancy rate in Atlanta remains well below the 4.7% nationwide. However, absorption rates clearly are running behind construction rates at the present time and could lead to an overbuilt situation before the end of 1985. More significantly, if current construction rates cannot be fully absorbed when the employment growth rate is 9% for Atlanta and the space per worker has increased by almost 10 square feet in the last two years, what will absorb the increasing supply of space during the next two years?

Weak growth in savings capital, expanding only 1.9% in the latest quarter, may have been responsible for the reduction in mortgage commitments by Atlanta thrifts to a more than seasonal 19.8% decline. However, declining interest rates have significantly improved the health of Atlanta thrifts, with regulatory net worth expanding by 5.4%. If interest rates remain subdued, this one problem area in the financial health of Atlanta will be on its way to returning to economic well being.

Gains in taxable sales during the third quarter were the second highest since records were established more than 15 years ago. The dramatic slowing in consumer spending that occurred statewide was not very apparent in Atlanta. Taxable sales continue to grow 6.6 percentage points more in the Atlanta area than in the state. Taxable sales continue to grow more rapidly than in the state for Cherokee (16.5%), Clayton (17.1%), Cobb (18.2%), Fayette (15.5%), Fulton (14.9%), Gwinnett (28.0%), Henry (15.6%), Newton (14.9%), Paulding (25.3%), and Rockdale (21.1%). Most of the smaller metropolitan counties on the fringe of the metropolitan area did not experience the same expansion of retail activity that was apparent in these counties. In addition, sales apparently are being lost from DeKalb to North Fulton, Cobb, and Gwinnett. The Fulton gains continue to be impressive and may reflect increased convention spending. These performances are especially remarkable, as the upward revision in employment is now generating an increase in disposable income that explains current sales activity. The 4% gap between sales and income that concerned us in our previous forecast, has been eliminated by the data revisions.

Obviously, 9% employment growth cannot be sustained indefinitely into the future. Metropolitan Atlanta already may have created more jobs in 1984 than any other metropolitan area in the United States. Despite the balanced nature of the current expansion, a continuation of 9% employment gains, or 100,000 additional jobs per year is unlikely. Of course, a near repeat of 1984 may develop in 1985, but significant slowing in economic growth almost certainly must materialize by 1986.

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Table 1

Georgia Wage & Salary Employment for 1983 and 1984 with Forecasts through 1986
(Thousands)

Industry	1983(r)	1984(p)	1985	1986	82-83	83-84	84-85	85-86
1. Mining	7.3	7.9	8.2	8.3	-1.4	8.2	3.8	1.2
2. Construction	108.8	132.4	143.5	139.6	5.6	21.7	8.4	-2.7
3. Manufacturing	511.1	545.5	556.3	555.9	2.2	6.7	2.0	-0.1
Durables	185.4	207.2	217.2	217.3	3.8	11.8	4.8	0.0
Lumber	31.0	34.4	36.4	36.5	11.5	11.0	5.8	0.3
Furniture	9.9	10.8	11.1	11.2	4.2	9.1	2.8	0.9
Stone, Clay, Glass	17.7	19.0	19.5	19.3	8.9	7.3	2.6	-1.0
Primary Metals	15.0	16.2	16.6	16.8	-6.7	8.0	2.5	1.2
Fabricated Metals	18.8	20.0	20.2	19.7	3.9	6.4	1.0	-2.5
Nonelectrical Machinery	21.0	24.5	26.8	27.1	1.0	16.7	9.4	1.1
Electrical Machinery	24.7	26.3	27.4	27.9	5.6	6.5	4.2	1.8
Transportation Equipment	35.7	43.4	45.9	45.3	2.3	21.6	5.8	-1.3
Other Durables	11.7	12.5	13.3	13.5	0.9	6.8	6.4	1.5
Nondurables	325.7	338.3	339.1	338.6	1.2	3.9	0.2	-0.1
Food	57.0	57.0	57.5	57.8	-2.3	0.0	0.9	0.5
Textiles	103.3	105.7	103.6	101.5	1.1	2.3	-2.0	-2.0
Apparel	70.0	74.5	73.5	73.2	1.3	6.4	-1.3	-0.4
Paper	28.5	29.8	30.3	30.6	2.9	4.6	1.7	1.0
Printing	27.5	30.4	31.9	32.5	8.3	10.5	4.9	1.9
Chemicals	17.9	18.9	19.6	20.1	2.9	5.6	3.7	2.6
Leather	1.9	1.7	1.8	1.7	-13.6	-10.5	5.9	-5.6
Other Nondurables	19.6	20.3	20.9	21.2	1.0	3.6	3.0	1.4
4. Transportation, Comm. & Utilities	147.7	154.5	159.8	162.7	0.9	4.6	3.4	1.8
5. Trade	547.6	608.2	657.9	682.4	5.3	11.1	8.2	3.7
Wholesale	169.4	189.6	204.3	210.2	4.1	11.9	7.8	2.9
Retail	378.2	418.6	453.6	472.2	5.9	10.7	8.4	4.1
6. Finance, Ins. & Real Estate	121.8	128.9	137.6	142.3	3.9	5.8	6.7	3.4
7. Services	397.6	440.0	478.3	502.2	6.5	10.7	8.7	5.0
8. Government	437.6	440.0	445.4	449.0	0.8	0.5	1.2	0.8
Federal	85.8	89.2	92.3	93.4	0.7	4.0	3.5	1.2
State & Local	351.9	350.9	353.1	355.6	0.9	-0.3	0.6	0.7
Total Wage & Salary Employment	2279.5	2457.4	2587.0	2641.8	3.5	7.8	5.3	2.1

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Table 2 Georgia Personal Income for 1983 with Estimates for 1984 and Forecasts through 1986
(Millions of Dollars)

	1983	1984	1985	1986	82-83	83-84	84-85	85-86
Labor & Proprietors' Income:								
1. Wage & Salary Income	38155	43225	47739	51209	8.6	13.3	10.4	7.3
2. Other Labor Income	3941	4570	5242	5887	16.1	16.0	14.7	12.3
3. Proprietors' Income	3052	3690	3966	4217	14.5	20.9	7.5	6.3
Farm	530	702	700	827	-10.1	32.5	-0.3	18.1
Nonfarm	2521	2988	3266	3390	21.1	18.5	9.3	3.8
Labor & Proprietors' Income:								
1. Farm	726	884	893	1042	-11.8	21.8	1.0	16.7
2. Mining	173	205	229	245	7.5	18.5	11.7	6.8
3. Contract Construction	2408	3051	3453	3545	12.0	26.7	13.2	2.7
4. Manufacturing	10144	11327	12097	12711	10.6	11.7	6.8	5.1
Durables	4231	4913	5381	5666	11.4	16.1	9.5	5.3
Nondurables	5941	6414	6716	7045	10.1	8.0	4.7	4.9
5. Transportation & Utilities	4685	5254	5759	6226	10.1	12.1	9.6	8.1
6. Trade	8644	9934	11259	12294	10.8	14.9	13.3	9.2
Wholesale	4175	4834	5498	5997	10.4	15.8	13.7	9.1
Retail	4469	5100	5761	6297	11.2	14.1	13.0	9.3
7. Finance, Ins. & Real Estate	2683	3112	3526	3865	17.2	16.0	13.3	9.6
8. Services	7387	8521	9818	10886	13.8	15.3	15.2	10.9
9. Other Industries	166	183	198	214	12.9	9.9	8.3	7.8
10. Government	8492	9014	9715	10288	7.3	6.1	7.8	5.9
Federal Civilian	2105	2185	2352	2387	7.4	3.8	7.6	1.5
Federal Military	1315	1411	1531	1617	5.4	7.3	8.5	5.6
State & Local	5072	5418	5832	6284	7.1	6.8	7.6	7.7
Plus:								
Property Income	8853	10053	10827	11596	2.7	13.5	7.7	7.1
State U.I. Benefits	287	189	206	229	-12.8	-34.1	9.0	11.2
Other Transfers	7786	8318	8798	9282	8.9	6.8	5.8	5.5
Residence Adjustment	-162	-197	-219	-231	-	-	-	-
Less: Social Ins. Contributions	2773	3194	3676	3995	11.1	15.2	15.1	8.7
Equals: Total Personal Income	59495	66654	72883	78194	9.3	12.0	9.3	7.3
Nonfarm Personal Income	58769	65770	71990	77152	9.6	11.9	9.5	7.2
% of U.S. Nonfarm	2.15	2.22	2.27	2.29	-	-	-	-

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Table 3 Atlanta MSA Wage and Salary Employment for 1982 through 1984 with Forecasts for 1985 and 1986
(Thousands)

Industry	1982	1983(r)	1984(p)	1985	1986	82-83	83-84	84-85	85-86
1. Contract Construction	44.5	51.7	63.9	74.1	70.7	16.2	23.6	16.0	-4.6
2. Manufacturing	143.1	160.5	174.6	182.1	184.3	12.2	8.8	4.3	1.2
Durables	72.6	77.7	88.3	94.6	96.4	7.0	13.6	7.1	1.9
Lumber	2.7	3.6	3.7	3.8	3.8	33.3	2.8	2.7	0.0
Furniture	3.7	3.9	4.5	4.7	4.8	5.4	15.4	4.4	2.1
Stone, Clay, Glass	6.8	8.4	8.9	9.0	9.0	23.5	6.0	1.1	0.0
Primary Metals	5.3	5.6	6.4	6.9	7.0	5.7	14.3	7.8	1.4
Fabricated Metals	7.4	8.1	8.8	9.4	9.7	9.5	8.6	6.8	3.2
Nonelectrical Machinery	7.7	8.2	9.7	11.4	11.8	6.5	18.3	17.5	3.5
Electrical Machinery	11.8	12.1	13.0	13.3	13.5	2.5	7.4	2.3	1.5
Transportation Equipment	22.4	22.7	27.9	30.4	30.9	1.3	22.9	9.0	1.6
Other Durables	4.8	5.0	5.3	5.7	5.9	4.2	6.0	7.5	3.5
Nondurables	70.5	82.8	86.3	87.5	87.9	17.4	4.2	1.4	0.5
Food	19.0	19.8	20.2	20.6	20.8	4.2	2.0	2.0	1.0
Textiles	4.8	9.0	8.9	8.7	8.6	87.0	-1.2	-2.2	-1.1
Apparel	8.8	12.5	13.0	12.8	12.7	42.0	4.0	-1.5	-0.8
Paper	7.7	8.3	8.2	8.1	8.0	7.8	-1.3	-1.2	-1.2
Printing	16.4	17.8	19.4	20.2	20.5	8.5	8.9	4.1	1.5
Chemicals	7.7	8.4	9.3	9.6	9.7	9.1	10.7	3.2	1.0
Other Nondurables	6.3	7.0	7.3	7.5	7.6	11.1	4.3	2.7	1.3
3. Transportation, Comm. & Utilities	91.8	93.9	99.5	104.6	106.8	9.8	5.9	5.1	2.1
4. Trade	280.4	305.7	337.9	364.2	382.1	9.0	10.5	7.8	4.9
Wholesale	105.8	112.2	124.6	131.6	134.8	6.0	11.1	5.6	2.4
Retail	174.5	193.5	213.3	232.6	247.3	10.9	10.2	9.0	6.3
5. Finance, Ins. and Real Estate	71.6	77.1	81.7	87.8	92.4	7.7	6.0	7.5	5.2
6. Services	215.8	235.7	263.7	297.7	315.2	9.2	11.9	12.9	5.9
7. Government	163.1	171.4	173.4	177.5	181.5	5.1	1.2	2.4	2.3
Federal	33.9	34.7	35.5	36.2	36.6	2.4	2.3	2.0	1.1
State & Local	129.3	136.7	137.9	141.3	144.9	5.7	0.9	2.5	2.5
Total Wage & Salary Employment	1010.2	1096.0*	1194.7	1288.0	1333.0	8.5*	9.0	7.8	3.5

*Addition of Barrow, Coweta and Spalding added nearly 35,000 jobs to base in 1983. Growth in 15 counties was 5% in that year.

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Table 4 Atlanta MSA Personal Income for 1982 with Estimates for 1983 and 1984 and Forecasts through 1986
(Millions of Dollars)

	1982	1983	1984	1985	1986	82-83	83-84	84-85	85-86
Labor & Proprietors' Income:									
1. Wage & Salary Income	18528	21545	24801	28075	30520	16.3	15.1	13.2	8.7
2. Other Labor Income	1826	2131	2166	2497	2819	16.7	16.2	15.3	12.9
3. Proprietors' Income	1024	1243	1495	1617	1658	21.4	20.3	8.2	2.5
Farm	36	29	31	29	33	-	-	-	-
Nonfarm	988	1214	1464	1588	1625	22.9	20.6	8.5	2.3
Labor & Proprietors' Income:									
1. Farm	49	43	46	44	49	-12.3	7.0	-4.3	11.4
2. Contract Construction	1040	1275	1640	1981	1997	22.6	28.6	20.8	0.8
3. Manufacturing	3521	4218	4784	5222	5560	19.8	13.4	9.2	6.5
Durables	1958	2244	2646	2958	3171	14.6	17.9	11.8	7.2
Nondurables	1563	1974	2138	2264	2389	26.3	8.3	5.9	5.5
4. Transportation & Utilities	2941	3500	3969	4417	4788	19.0	13.4	11.3	8.4
5. Trade	5107	5820	6658	7485	8223	14.0	14.4	12.4	9.9
Wholesale	2926	3286	3779	4214	4576	12.3	15.0	11.5	8.6
Retail	2181	2534	2879	3271	3647	16.2	13.6	13.6	11.5
6. Finance, Ins. & Real Estate	1607	1944	2259	2575	2869	21.0	16.2	14.1	11.4
7. Services	4000	4660	5429	6482	7247	16.5	16.5	19.4	11.8
8. Other Industries	90	110	119	128	137	18.6	11.1	7.8	7.1
9. Government	3023	3349	3558	3855	4127	10.8	6.2	8.3	7.1
Federal Civilian	852	930	949	1007	1021	9.1	2.1	6.1	1.4
Federal Military	155	163	173	180	185	5.1	6.2	4.3	2.8
State & Local	2016	2256	2436	2668	2921	11.9	8.0	9.5	9.5
Plus:									
Property Income	3815	3956	4554	4945	5341	3.7	15.1	8.6	8.0
Transfer Payments	2630	2859	2942	3145	3327	8.7	2.9	6.9	5.8
Residence Adjustment	-501	-567	-593	-615	-631	-	-	-	-
Less: Social Ins. Contributions	1325	1576	1845	2176	2397	18.9	17.1	17.9	10.2
Equals: Total Personal Income	25997	29591	33520	37488	40637	12.7	13.8	11.8	8.4
Nonfarm Personal Income	25948	29548	33474	37444	40588	12.7	13.9	11.9	8.4
% of Georgia Nonfarm	48.40	50.28	50.90	52.01	52.61	-	-	-	-
Population (#,Thousands)*	2243	2305	2373	2441	2501	2.76	2.95	2.87	2.46

*New MSA definition, which was 2138 in 1980

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	83-4(r)	84-1(r)	84-2(r)	84-3(r)	84-4(p)	Dec.(p)	83-4(r)	84-1(r)	84-2(r)	84-3(r)	84-4(p)	Dec. (p)
Total	2333.8	2389.6	2424.8	2491.6	2530.7	2553.1	1127.7	1157.5	1178.1	1209.0	1235.3	1248.1
Mining	7.5	7.8	7.8	7.8	8.1	8.2	-	-	-	-		-
Contract Construction	114.8	124.4	127.5	135.6	141.1	144.6	56.2	59.7	61.3	64.1	70.0	72.5
Manufacturing	524.9	536.4	544.3	550.6	550.3	554.0	164.8	170.5	174.9	175.9	178.3	178.6
Durables	192.6	200.0	204.6	211.0	213.0	214.2	80.3	84.4	88.4	89.9	91.6	91.7
Lumber	32.6	33.4	33.7	34.8	35.7	36.1	3.8	3.7	4.9	3.7	3.7	3.6
Furniture	10.3	10.7	10.8	11.0	10.9	11.0	4.0	4.6	4.5	4.5	4.5	4.7
Stone, Clay, Glass	18.4	18.6	18.7	19.2	19.4	19.4	8.5	8.7	8.8	9.1	8.9	8.9
Primary Metals	15.6	15.7	16.3	16.5	16.5	16.5	6.0	6.0	6.6	6.5	6.7	6.8
Fabricated Metals	19.3	20.2	19.9	20.1	20.0	20.1	8.3	8.5	8.6	9.0	9.1	9.3
Nonelectrical Machinery	22.1	23.0	23.7	24.6	26.4	26.2	8.6	9.0	9.4	9.5	11.1	11.1
Electrical Machinery	25.5	25.6	26.0	26.8	26.7	26.5	12.5	12.6	13.0	13.2	13.1	13.0
Transportation Equipment	37.0	40.9	42.9	45.2	44.4	45.2	23.6	26.2	27.3	29.0	29.0	28.7
Other Durables	11.8	11.9	12.6	12.8	13.0	13.2	5.0	5.1	5.3	5.4	5.5	5.6
Nondurables	332.3	336.4	339.7	339.6	337.3	339.8	84.5	86.1	86.5	86.1	86.7	86.9
Food	56.6	56.6	57.3	56.8	57.2	57.5	19.9	20.2	19.9	20.3	20.2	20.4
Textiles	106.0	106.0	106.7	106.0	104.2	104.5	8.9	8.7	9.2	8.7	8.9	8.7
Apparel	71.7	74.3	75.2	75.1	73.6	74.3	12.5	13.0	13.3	12.9	12.9	12.8
Paper	29.2	29.7	29.9	29.8	29.8	30.2	8.3	8.4	8.3	8.1	8.2	8.1
Printing	28.7	29.6	30.3	30.7	31.0	31.5	18.8	19.5	19.4	19.2	19.7	19.9
Chemicals	18.2	18.6	18.8	19.0	19.1	19.4	8.8	9.1	9.3	9.4	9.4	9.7
Leather	1.8	1.6	1.6	1.7	1.8	1.8	-	-	-	-		-
Other Nondurables	20.1	20.0	19.9	20.5	20.6	20.6	7.3	7.2	7.1	7.5	7.4	7.3
Transportation, Comm. & Util.	150.0	152.1	153.1	155.0	157.8	159.0	95.6	97.4	98.8	100.0	101.0	102.8
Trade	564.7	583.9	593.4	615.1	639.3	646.8	315.4	327.4	333.0	341.8	349.3	351.9
Wholesale	174.9	182.7	184.8	191.7	198.9	200.8	115.8	120.4	122.8	126.0	129.4	129.6
Retail	389.8	401.2	408.6	423.4	440.4	446.0	199.6	207.0	210.2	215.8	219.9	222.3
Finance, Ins. & Real Estate	124.0	125.8	127.3	130.2	132.4	133.4	78.7	79.5	80.6	82.2	84.4	85.3
Services	410.2	421.5	431.6	447.3	459.0	464.7	244.8	251.6	258.9	269.0	276.6	283.3
Government	437.7	437.6	439.8	440.0	442.7	442.4	172.2	171.4	170.6	176.0	175.7	173.7
Federal	87.3	87.8	88.6	89.4	91.0	91.5	35.5	34.9	35.1	35.5	36.3	35.5
State & Local	350.4	349.8	351.2	350.6	351.7	350.9	136.7	136.5	135.5	140.5	139.4	138.2

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Table 6 Metro Atlanta Housing Permits for 1982 through 1984 with Forecasts through 1986

	1982		1983		1984		1985		1986	
County	single	multi	single	multi	single	multi	single	multi	single	multi
Cherokee	885	0	1172	14	1466	28	1620	40	1550	60
Clayton	642	28	1269	6	1143	576	1200	520	1120	550
Cobb	3337	824	5986	4243	6365	3095	6520	2480	6420	2260
DeKalb	2023	1107	3119	4371	3227	2965	3130	1890	2850	2060
Douglas	307	4	658	6	533	8	490	20	520	25
Forsyth	277	30	463	14	609	57	700	75	760	100
Fulton	2175	2601	2634	2252	2334	2979	1975	3200	1850	3000
Gwinnett	3686	1523	5980	3226	5977	6155	6350	5300	6480	5000
Henry	334	10	602	18	656	56	780	100	900	140
Rockdale	261	138	437	144	623	83	780	120	920	150
Total	13936	6265	22320	14394	22933	16002	23545	13745	23370	13345
% Change From Previous Year	+37.7	+10.9	+60.2	+129.8	+2.7	+11.2	+2.7	-14.1	-0.7	-2.9
% Change in Total (single + multi)	+28.0		+81.7		+6.0		-4.2		-1.5	
Estimated Potential Absorption (000)	----		33.7		36.8		37.2		33.5	

Note:
The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category.

Source: Homebuilders Association of Metro Atlanta

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Table 7

Georgia Employment in 1989

	1983	1989	% Change	Annual Rate	Previous Annual Rate
Mining	7.3	8.7	19.2	3.0	0.9
Construction	108.8	153.6	41.2	5.9	4.3
Manufacturing	511.1	545.5	13.9	2.2	2.0
Durables:	185.4	231.5	24.9	3.8	3.4
Lumber	31.0	38.1	22.9	3.5	2.3
Furniture	9.9	11.6	19.2	2.7	1.7
Stone, Clay, Glass	17.7	19.8	11.9	1.9	2.2
Primary Metals	15.0	17.3	15.3	2.4	0.8
Fabricated Metals	18.8	20.2	7.4	1.2	3.5
Nonelectrical Machinery	21.0	30.6	45.7	6.5	3.4
Electrical Machinery	24.7	31.8	28.7	4.3	5.7
Transportation Equipment	35.7	46.5	30.3	4.5	4.4
Other Durables	11.7	15.6	33.3	4.9	4.6
Nondurables:	325.7	350.7	7.7	1.2	1.2
Food	57.0	59.3	4.0	0.7	1.0
Textiles	103.3	99.2	-4.0	-0.7	0.3
Apparel	70.0	76.3	9.0	1.4	0.9
Paper	28.5	32.4	13.7	2.2	2.5
Printing	27.5	37.0	34.5	4.9	2.7
Chemicals	17.9	21.8	21.8	3.3	3.2
Leather	1.9	1.6	-15.8	-2.8	-4.2
Other Nondurables	19.6	23.1	17.9	2.8	2.4
Transportation, Comm. & Utilities	147.7	168.3	13.9	2.2	1.9
Trade:	547.6	755.4	37.9	5.5	3.9
Wholesale	169.4	223.6	32.0	4.7	3.0
Retail	378.2	531.8	40.6	5.8	4.3
Finance, Ins. & Real Estate	121.8	164.6	35.1	5.1	2.9
Services	397.6	589.4	48.2	6.8	4.8
Government:	437.6	458.6	4.8	0.8	1.2
Federal	85.8	94.2	9.8	1.6	1.0
State & Local	351.9	364.4	3.6	0.6	1.3
Total Wage & Salary	2279.5	2880.8	26.4	4.0	3.0
Population	5732	6376	11.2	1.79	1.49

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Table 8 Atlanta Personal Income in 1989

	1983	1989	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	38155	66919	75.4	9.8	9.6
Other Labor Income	3941	8051	104.3	12.6	10.6
3. Proprietors' Income:	3052	5189	70.0	9.2	9.7
Farm	530	884	66.8	8.9	5.9
Nonfarm	2521	4305	70.8	9.3	10.6
Labor & Proprietors' Income:					
1. Farm	726	1126	55.1	7.6	6.5
2. Contract Construction	2408	4603	91.1	11.4	11.7
3. Manufacturing:	10144	15927	57.0	7.8	9.1
Durables	4321	7244	71.2	9.4	10.7
Nondurables	5941	8683	46.2	6.5	7.9
4. Transportation, Comm. & Utilities	4685	7857	67.7	9.0	8.8
5. Trade:	8644	16144	86.8	11.0	10.1
Wholesale	4175	7847	87.9	11.1	9.8
Retail	4469	8297	85.7	10.9	10.4
6. Finance, Insurance & Real Estate	2683	5499	105.0	12.7	10.7
7. Services	7387	15651	111.9	13.3	11.7
8. Other Industries	166	276	66.2	8.8	8.9
9. Government:	8492	12769	50.4	7.0	8.0
Federal Civilian	2105	2817	33.8	5.0	6.3
Federal Military	1315	2096	59.4	8.1	7.6
State & Local	5072	7856	54.9	7.6	8.7
Plus:					
Property Income	8853	15192	71.6	9.4	8.7
State Unemployment Benefits	287	263	-8.2	-1.4	-7.2
Transfer Payments	2814	4179	48.5	6.8	8.4
Residence Adjustment	-162	-318	-	-	-
Less: Social Ins. Contributions	2773	5393	194.5	11.7	11.7
Equals: Total Personal Income	59495	101691	70.9	9.3	9.1
Real Personal Income*	26643	34182	28.3	4.2	3.0
Adjusted PCE Deflator**	223.3	297.5	33.2	4.9	5.9

* Assuming 4.5% unemployment rate in 1989.
** Assuming CPI rises 5% per year.

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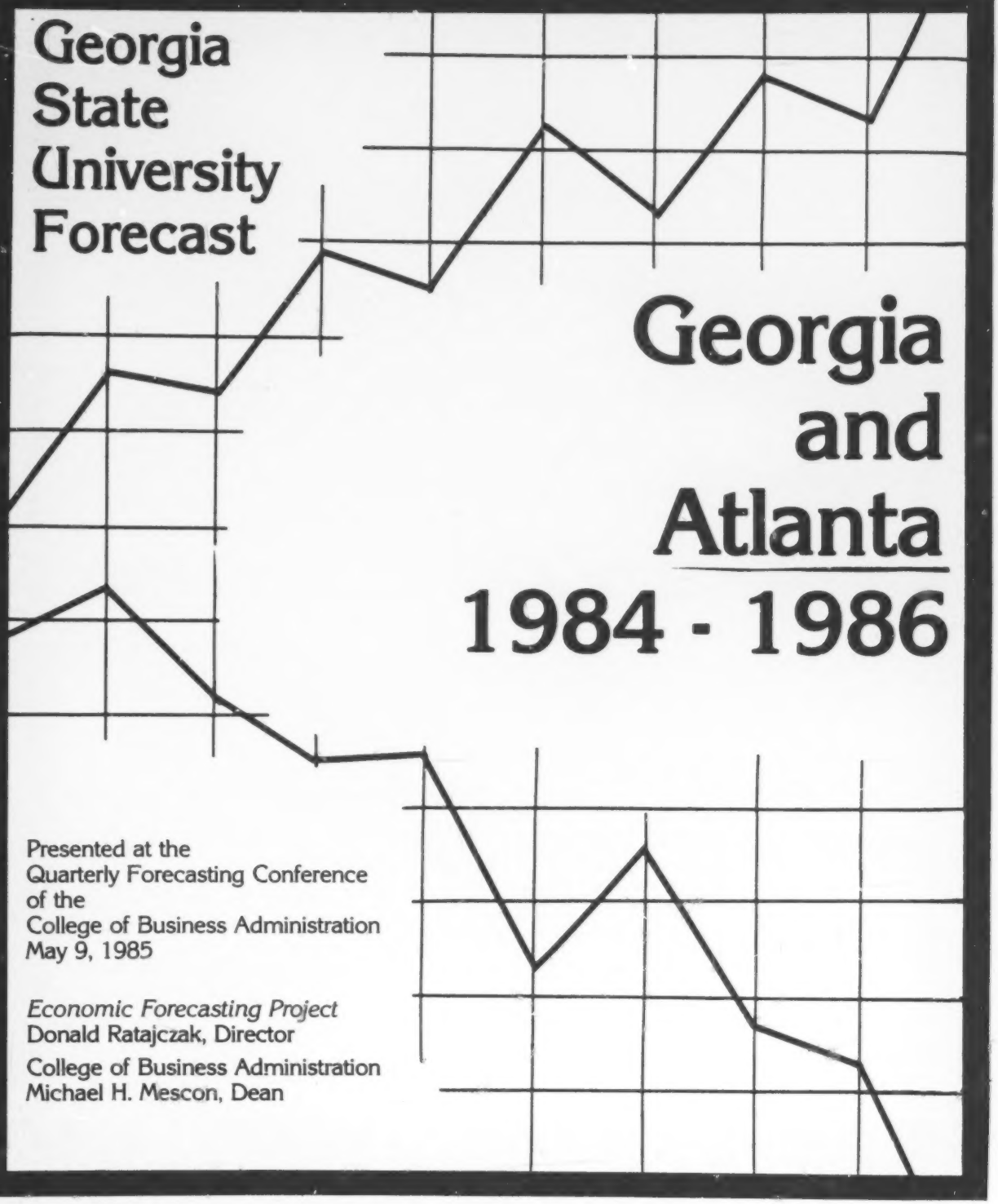
Georgia State University Forecast

Georgia and Atlanta 1984 - 1986



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College of Business Administration
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CONSTRUCTION OVERHANG TO SLOW GEORGIA ECONOMY IN 1986

Dr. Donald Ratajczak
Director
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Georgia State University

Recent Activity

Georgia continued to outperform the nation in personal income gains during the fourth quarter of 1984. While nonfarm personal income increased 1.7% nationwide, the gains were 2.3% in Georgia. However, this was a slower relative rate of gain than in previous quarters. In addition, inflation as measured by the Atlanta CPI began to intensify. By February, the Atlanta CPI was 4.3% above the previous year levels, while the comparable rate of gain for the U. S. was only 3.5%. Nevertheless, the personal income data strongly support the coincident indicators, which suggested that Georgia grew 8.3% in 1984 as compared to 6.8% for the nation.

Aided by a rebound in poultry profitability, farming in Georgia showed significant improvement late in 1984, while the U. S. farmer continued to struggle. On the other hand, import problems created more difficulties for nondurable manufacturers in Georgia than in the nation. Georgia also trailed the nation in earnings for state and local government employees and in military payroll gains. In some other areas, however, Georgia's economy sharply outstripped conditions nationwide. For example, earnings in construction increased 5.0% during the fourth quarter, while gaining only 1.5% nationwide. Durable payrolls expanded 3.4% in Georgia versus 1.7% nationwide. Transportation hardly showed any gains in the nation, but expanded 1.3% in Georgia. Both wholesale and retail trade increased only 1.9% nationwide, but they surged by more than 4% in Georgia. Similar strong gains were recorded for the finance group and for private services.

Despite this obvious improvement in most areas of economic activity, unemployment benefits rose more in Georgia than nationwide, probably as a result of the weakness in nondurable manufacturing. Property income showed the same rate of increase in Georgia as in the nation, although earnings from property rose more sharply in Georgia than nationwide for the entire year. Finally, nonfarm proprietors' income, a measure of performance of small business, showed more significant gains in Georgia both in the quarter and over the past year than in the nation.

The coincident indicators for Georgia turned sluggish in the first quarter, suggesting that personal income gains will not be as substantial as during 1984. However, the coincident indicators still are growing at a rate that is consistent with 3.4% real growth in Georgia. This compares to the announced 1.3% gain for the United States during this period. After improving substantially through the fall, farm cash receipts began to deteriorate in the winter. The insured unemployment rate also rose, suggesting weakness in that portion of the labor market. However, hours worked expanded sharply in the past

quarter, while corporate tax accruals continued to show moderate rates of gain. The growth of bank deposits has slowed significantly, but it is still providing positive contributions to the coincident indicators. Unfortunately, productivity declined in the winter months, although no significant impact of this decline has yet become apparent in corporate profitability. Nevertheless, the weakness in productivity probably suggests that employment gains will slow significantly in the months ahead.

Georgia's leading indicators have been growing more slowly than the coincident indicators for most of the past year. In March, however, the leading indicators once again began to reflect the possibility of strengthening economic activity ahead. As expected, the manufacturing workweek rebounded sharply in March following weather-induced weakness in February. On the other hand, nonresidential construction permits fell sharply in three out of the past four months. Significant gains in permits prior to that period suggests that backlogs remain ample to support strong construction activity through 1985. Construction gains in 1986 will be difficult to develop unless these permits change direction. On the other hand, residential permits have been expanding sharply. A minor housing boom appears to be developing according to the leading indicators. The weakness in retail activity experienced nationwide also was present in Georgia during March. Moreover, tax revenues after adjustment actually declined in the month. Because of a significant budgetary surplus, such a sign of weakness in revenue gains is not significant at this time. On the other hand, it is clear that revenues will not be able to maintain the robust growth that they experienced in the past fiscal year. Despite the fact that Georgia's leading indicators are only modestly strengthening at the present time, they are showing more positive signs for the Georgia economy than the leading indicators are flashing for the U. S. economy.

According to the seasonally adjusted payroll estimates in Table 5, unbalanced growth is beginning to develop in Georgia, just as it has done nationwide. Textile employment actually peaked in the spring of 1984 along with apparel. Fortunately, a significant expansion in food processing, with an unexpected surge in both meat and poultry processing, has partly offset this decline. In addition, the printing industry is showing its typical lagged cyclical response. Nevertheless, nondurable payrolls in March were at a lower seasonally adjusted level than at any time in the previous year.

Although some weakness also is developing for some of the durables, durable manufacturing continues to perform well in Georgia. Substantial gains continue to be achieved in lumber products, electrical machinery, transportation equipment, and other durables. The furniture and stone, clay group show little direction while payrolls for primary metals, fabricated metals, and even nonelectrical machinery are now beginning to trend downward.

Outside of manufacturing, payroll growth is vigorous in all sectors except state and local government. The transportation sector continues to expand dramatically, while significant employment gains continue to develop in the trade sectors. A modest slowing in wholesale trade employment is beginning to develop, but a more significant slowing probably will be required shortly. Seasonally adjusted payroll employment in Georgia expanded at an annual rate of 6.7% in the first quarter. This compares with a payroll gain of only 3.3% nationwide. Even with a more significant slowing in hours as a result of weather conditions in Georgia, this suggests that personal income during the first quarter once again will exceed national performance.

Taxable sales in Georgia continued to slow during the fourth quarter, showing a year-over-year gain of only 11.0%. With personal income growing 12.0% over the same period and tax reductions causing disposable income to exceed 13% from previous year levels,, savings rates clearly increased in Georgia during the fall. After adjustment for inflation, taxable sales slowed to a gain of about 8% by the fourth quarter. This slowing obviously is incompatible with the more than 11% gains in trade payrolls. Unless taxable sales begin intensifying early in 1985, and the leading indicators do not suggest that such a condition is developing, then a significant overhang in payrolls in the trade sector is developing. Indeed, imbalances between employment and sales appear to be intensifying. By 1986, much more sluggish employment gains will develop for this sector.

Insured unemployment continues to remain 1.1% in Atlanta, while rising slightly to 2.0% in the state. The gap in insured unemployment has narrowed between Georgia and the U. S., with the national unemployment rate at 2.9%. The larger measure of unemployment also narrowed between Georgia and the United States. While unemployment in the United States fell from 8.4% to 7.8%, comparable Georgia unemployment rates fell only from 6.4% to 6.1%. It now appears that Georgia will not be able to get unemployment averaging below 6% in 1985 or in 1986. Our current projection is that the unemployment rate will average 6.1% for Georgia in 1985 and remain at that level in 1986. Atlanta continues to show the best unemployment, with the rate improving from 5.4% to 4.7% over the past year. Athens, which has the next lowest unemployment rate has been moving in the opposite direction, with unemployment actually increasing to 6.0% from 5.3% a year ago. Augusta, Macon, and Savannah all have 7.1% unemployment rates although Augusta moved from 7.7% a year ago while Savannah's move is only from 7.2% and Macon is unchanged from the 7.1% of the past year. Both Albany and Columbus continue to show the highest unemployment rates of the metropolitan areas, with unemployment in Columbus improving only 0.1 percentage points to 7.8%. In Albany the gains are more substantial, improving from 8.5% to 7.7%. The metropolitan areas closest to Atlanta, Athens and Macon, are actually experiencing employment decline. However, their close proximity permits a migration of labor forces to the booming Atlanta economy.

In the past two months, the strength of Atlanta's economy has begun to generate inflationary pressures. This is an early warning that the rate of growth currently developing in the Atlanta area cannot be sustained. While consumer prices were rising 0.6% nationwide, they surged 1.4% during the past two months in Atlanta. Virtually all sectors showed greater price increases in Atlanta than nationwide except transportation. There, gasoline prices fell more sharply in Atlanta through February, and now should be anticipated to rebound more sharply than nationwide in the spring. Most of the price damage occurred in the apparel sector, where women's and girl's apparel rose 13.2% in price in Atlanta while declining 1.8% nationwide. However, significant differences also occurred in homeowner's cost, a reflection of booming housing in Atlanta.

Prices for food away from home increased 1.7% in Atlanta while gaining 0.6% nationwide. Because of this price surge during the past few months, consumer prices now are expected to rise about one percentage point more rapidly in Georgia than nationwide during 1985. An inflation rate that exceeds the nation by about 0.5 percentage points is then anticipated in 1986. In other words, the Atlanta CPI should be growing 4.5% in 1985 and 5.1% in 1986.

Georgia's thrift institutions continue to slowly regain economic health. Regulatory net worth expanded 4.3% in the state as compared with lesser gains of

3.4% in the southeast and 3.2% nationwide over the same quarter. Because of continuing favorable interest rates, further gains are expected in regulatory net worth through the first half of 1985. Savings capital still has not been flowing to Georgia thrifts, however, as deposits expanded only 2.6%. This compares to 3.1% nationwide and 3.9% for the region. Nevertheless, Georgia thrifts were willing to provide a less than seasonal decline in mortgage commitments. Commitments in Georgia fell 0.4%, while they were falling 0.8% nationwide and a surprisingly sharp 11.0% in the southeast.

Effective mortgage rates have continued to decline and are now below year ago levels. Nationwide the effective rate was 12.13% in March, 0.04 percentage points below previous year levels. The mortgage rate in Atlanta was a surprisingly stimulative 11.49%, down 0.52 percentage points from the previous year. These rates are especially favorable for homeownership at the present time and should sharply add to housing activity in the Atlanta area through much of 1985. Conventional rates are expected to remain between 12.0% and 12.5% through much of 1985. A slight increase to 13% is possible by the end of the year. However rates then would be expected to fall again to the 12% vicinity late in 1986. Housing prices in Atlanta have increased only $1,000 above previous year levels as compared to a $5100 gain nationwide.

Revenue growth has remained surprisingly robust in Georgia, expanding 13.8% over previous year levels during the winter months. Although collections in March were at a 11.3% rate, it is almost certain that tax collections will expand in excess of 15.0% in the current fiscal year. This is dramatically above the 9.1% required to balance Georgia's budget. The 13.8% quarterly gain compares with increases of 13.2%, 22.2%, 15.5%, and 14.3% in previous quarters. Some further slowing in tax receipts is anticipated during the next two fiscal years. We continue to project gains of 11.0% for next fiscal year followed by an increase of only 9.5% in the year after that. This significant slowing in receipts might create some revenue problems two years from now, although substantial surplus will be carried forward from the current year to minimize the possibility of shortfalls.

Sales tax receipts in Georgia continue to slow, showing only a 12.0% gain over previous year levels during the winter. This compares with increases of 12.9%, 16.5%, 19.2%, and 14.6% in previous quarters. However, this performance is far better than for all state and local governments, which showed a gain in sales tax receipts of only 7.8%. This was a substantial slowing from the 10.2%, 10.1%, 11.2% and 14.1% rates of change experienced in previous quarters. Tax collections for personal income increased 18.0% in the winter quarter, but surprisingly slow returns from Georgia taxpayers may have caused some refund distortions. In previous quarters, personal income revenues were 14.2%, 31.4%, 11.1%, and 11.0% above previous year levels. All state and local governments showed some improvement in their income tax collections, but their personal income taxes gained only to 6.8% from previous year levels. This was better than the 5.5% recorded in the previous quarter and compares with 6.6%, 12.6%, and 15.2% in previous quarters. Apparently, income growth in the remainder of the nation is slowing, causing a significant discrepancy between Georgia and other state and local governments. Certainly, the contrast between corporate taxes in Georgia and throughout the nation are surprisingly different. Corporate profitability in the latest quarter increased 32.8% above previous year levels. This compared with gains of 29.5%, 34.1%, 28.1% and 49.9% in previous quarters. This contrast dramatically with the 7.6% decline registered for all state and local governments. These governments also showed a year-over-

year decline of 2.8% in the fall and no change in the summer. Prior to that, gains were substantial, showing increases of 26.9% and 61.5% respectively. Nevertheless, the Georgia economy appears to be much healthier than in other states.

Summary of Outlook

Following a reasonably balanced rate of expansion in 1984, the Georgia economy is beginning to become unbalanced early in 1985. The current level of construction employment is only justified if underlying employment growth in Georgia is 2.9% or above. This will not be a problem in 1985, when surging trade employment will continue to support significant construction. In 1986, however, a discrepancy will develop between employment gains and the availability of construction product. As a result, a mild downturn is expected in the construction sector even if interest rates show little movement.

More significantly, the strong gains in manufacturing activity that supported Georgia's economic expansion in 1984 are clearly diminishing. Some further gains are expected in durable payrolls in 1985, led by significant gains in the lumber, machinery, and transportation equipment sectors. However, even now, weakness is developing in the metals industry. Weakness also is already apparent in the textile and apparel industries. By 1986 continued weakness in these import exposed industries will more than offset any lingering employment gain in food processing, printing, chemicals or the machinery industries.

Such sluggishness in goods producing activity will exert a dramatic slowing impact upon the transportation and communications sectors. Expansion of utility and communications payrolls should be sufficient to prevent an actual decline in that sector. Nevertheless, the trucking and railroad industries might be experiencing some difficulties in expanding payroll by the latter half of 1986. Of greater significance is the developing imbalance in the trade sector. Taxable sales already have slowed to less than an 8% real rate of growth. Yet, projected payrolls are up nearly 10% in the trade category. Considering an excess in employment expansion in that sector during 1984, the overhang is now becoming significant. At a minimum, growth rates in both wholesale and retail trade will slow dramatically late in 1985 and in 1986. Actual declines in payrolls cannot be ruled out as a result of the substantial overhang that currently exists.

Partly offsetting the obvious contraction in manufacturing and the projected weakness in construction and trade will be continuing expansion in the finance group and in services. Nevertheless, reduced gains in real estate activity will be reflected in that important component of the finance group. Similarly, a slowing in the overall Georgia economy almost certainly will exert some slowing pressures upon service payrolls. Finally, the government sector will be providing smaller rates of gain in 1986 than in 1985. Some local governments will retrench following the loss of revenue sharing support from the federal government.

Our outlook shows that employment will remain relatively robust through much of 1985, but that economic imbalances will be created that will require a significant slowing in 1986. Actual declines are expected in manufacturing and construction while declines in trade payrolls also cannot be fully ruled out. An actual decline in total employment in Georgia is not likely in 1986, but

employment growth will be much more sluggish than experienced in the past three years.

The sharp slowing in employment growth is reflected in personal income gains during the next two years. Following a surge in personal income in 1984, when total personal income expanded 12.1%, our estimates show that income gains will be a modest 9.4% in 1985 and a relatively sluggish 7.3% in 1986. These numbers are surprisingly low for the prevailing employment changes because of reduced wage inflation as compared to the previous decade.

After expanding 8.3% in 1984, the Georgia economy is expected to show slightly less than 6% growth in 1985. Activity then is expected to slow to less than 3% in 1986. If retail activity falls more sharply than currently projected, an actual decline in Georgia economic activity late in 1986 cannot be fully discounted.

Construction Boom in Atlanta Begins to Outstrip Employment Growth

Despite the rapid growth in Georgia's personal income, personal income generated by the Atlanta MSA almost certainly will exceed 50% of the Georgia total early in 1985. However, the surprising balance that existed in Atlanta's booming economy in 1984 is beginning to become unstuck.

Construction remains appropriate as long as employment grows in excess of 3.5% in Atlanta. With projections of a 7.6% gain in 1985, most of the construction product that will be completed should be absorbed. Only a minor increase in vacancy rates is expected by the end of this year. However, vacancy rates are expected to move upward significantly in 1986, requiring a significant reduction in the level of construction activity. Of greater concern is the imbalances developing in trade employment. The 10.5% rate of expansion in trade employment during 1984 was fully justified by gains in real taxable sales in excess of 14%. However, these sales gains have slowed even as inflation accelerated. By the fourth quarter of 1984, taxable sales were only 17.5% above previous year levels. However, this maintains the 6.5 percentage point gap that has persisted between Georgia and Atlanta since the second quarter of last year. More recently, our sales survey shows that retail activity has slowed to single-digit gains. Yet, employment gains remain near double-digit levels.

Also, manufacturing no longer is providing the unexpected support that persisted in the latter part of 1984. Employment is still growing for transportation equipment and electrical machinery, but no further significant gains are expected for nonelectrical machinery now that some new plants have become fully operational. Modest weakness is now developing in the metals industry. Declines are expected in the textile and apparel activity that exists in the metropolitan area, which has been increased sharply by the introduction of three outlying counties. Indeed, manufacturing payrolls may be peaking in the Atlanta area.

To be sure, growth in the transportation sector remains very vigorous. Additional flights at Hartsfield and expansion of trucking and rail activity continue to support significant payroll gains. The financial sector also is increasing its significance in the southeast, leading to increasing employment in Atlanta. The service economy continues to expand rapidly while government

payrolls also are gradually increasing. Nevertheless, the imbalances in construction and trade are now sufficient to cause concern.

Because of a glut of condominiums in the Atlanta area, multi-family activity, which includes condos, has slowed abruptly early in 1985. This will prevent the Atlanta housing market from significantly overshooting housing need. According to our estimates of potential absorption, housing remains reasonably balanced relative to need. These absorption levels have been increased to incorporate the addition of housing activity in several new counties. One of these counties, Fayette, already is a significant supplier of housing units. Housing activity also is significant in Paulding, although activity in Walton, Newton, and Butts combined do not add up to activity in Douglas. While multi-family units are expected to fall significantly in 1985 and decline further in 1986, single-family activity should continue robust growth through 1985. Growth remains most significant in Gwinnett and Cobb counties, but expansion also is strong in Fulton and DeKalb. Indeed, most metropolitan counties are expected to add more single-family homes in 1985 than they did in 1984. Slowing then is anticipated in 1986.

The latest Coldwell-Banker estimates provide a mixed view of building activity in Atlanta. After increasing significantly late in 1984, industrial vacancy in Atlanta once again has fallen early in 1985. As a result, the vacancy rate in Atlanta is 2.3% as compared to 4.8% nationwide. This especially low vacancy rate places Atlanta with Pheonix and Boston as experiencing the best performance in the nation. Obviously, increased industrial activity could be justified if rapid expansion in warehousing and distribution needs could be projected. However, wholesale activity already appears to be excessive in comparison to the remainder of the Atlanta economy. For this reason, the low vacancy rate should not be used as a signal to increase industrial construction.

In office space, however, Atlanta's market already shows signs of providing more product than absorption requires. The downtown vacancy increased slightly to 15.8% in March while surburban vacancies surged to 14.6%. Of course, these still are reasonable in comparison to the 15.3% downtown vacancy rate for the United States and the dramatic 18.9% vacancy rate registered in surburban space nationwide. Nevertheless, vacancy rates have been rising in both the downtown and surburban areas for the past three quarters. As completions intensify, especially in the second half of 1985, vacancy rates could approach 18% in both the downtown and surburban areas. Obviously, such an overhang eventually has to require a significant correction in building activity.

Improving health of Atlanta's thrift industry can be seen in the increased mortgage commitments that they are advancing. Commitments in the last quarter increased 4.7% while regulatory net worth showed a strong 6.5% rate of expansion. Savings capital continued to lag behind, but the 2.2% suggests that some savings is flowing into Atlanta institutions. As long as interest rates remain at current levels, further improvement in regulatory net worth is anticipated.

The slowing in taxable sales to only a 17.5% rate of gain from previous year levels in the fourth quarter was reflected in the performance of several metropolitan counties. Some of the slowing occurred in Cherokee (14.0%), Clayton (15.3%), Cobb (15.1%), DeKalb (9.7%), Fulton (13.1%), and Rockdale, which experienced an actual decline of 0.1%. The only counties to experience significant acceleration in taxable sales were Fayette (22.0%), and Gwinnett

(30.0%). Obviously, retailing activity in the metropolitan area is gradually drifting toward Lake Lanier.

Because of rapid employment growth into the early months of 1985, Atlanta should generate an additional 90,700 jobs in 1985. However, a significant portion of these jobs will be concentrated in the construction and trade sector which will not experience significant further growth in 1986. Although the Atlanta economy is expected to outperform the state in 1986, sluggishness in construction and trade employment should significantly slow overall employment opportunities. In that year, Atlanta is only expected to generate 35,800 additional jobs. This may further intensify a construction slowdown leading to a period of weakness extending into 1987.

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Table 1

Georgia Wage & Salary Employment for 1983 and 1984 with Forecasts through 1986
(Thousands)

Industry	1983	1984	1985	1986	82-83	83-84	84-85	85-86
1. Mining	7.3	7.9	8.1	8.2	-1.4	8.2	2.5	1.2
2. Construction	108.8	132.4	144.3	138.4	5.6	21.7	9.0	-4.1
3. Manufacturing	511.1	545.5	551.0	546.8	2.2	6.7	1.0	-0.8
Durables	185.4	207.2	215.6	214.9	3.8	11.8	4.1	-0.3
Lumber	31.0	34.4	36.4	36.2	11.5	11.0	5.8	-0.5
Furniture	9.9	10.8	11.1	11.1	4.2	9.1	2.8	0.0
Stone, Clay, Glass	17.7	19.0	19.1	18.9	8.9	7.3	0.5	-1.0
Primary Metals	15.0	16.2	15.5	15.0	-6.7	8.0	-4.3	-3.2
Fabricated Metals	18.8	20.0	19.6	19.3	3.9	6.4	-2.0	-1.5
Nonelectrical Machinery	21.0	24.5	26.4	26.8	1.0	16.7	7.8	1.5
Electrical Machinery	24.7	26.3	27.6	28.2	5.6	6.5	4.9	2.2
Transportation Equipment	35.7	43.4	46.8	46.0	2.3	21.6	7.8	-1.7
Other Durables	11.7	12.5	13.1	13.4	0.9	6.8	4.8	2.3
Nondurables	325.7	338.3	335.4	331.9	1.2	3.9	-0.9	-1.0
Food	57.0	57.0	58.3	58.7	-2.3	0.0	2.3	0.7
Textiles	103.3	105.7	100.7	97.6	1.1	2.3	-4.7	-3.1
Apparel	70.0	74.5	73.0	71.8	1.3	6.4	-2.1	-1.6
Paper	28.5	29.8	30.0	29.7	2.9	4.6	0.7	-1.0
Printing	27.5	30.4	31.7	32.0	8.3	10.5	4.3	0.9
Chemicals	17.9	18.9	19.3	19.6	2.9	5.6	2.1	1.6
Leather	1.9	1.7	1.8	1.7	-13.6	-10.5	5.9	-5.6
Other Nondurables	19.6	20.3	20.6	20.8	1.0	3.6	1.5	1.0
4. Transportation, Comm. & Utilities	147.7	154.5	162.1	164.2	0.9	4.6	4.9	1.3
5. Trade	547.2	608.2	666.4	692.1	5.3	11.1	9.6	3.9
Wholesale	169.4	189.6	203.9	207.8	4.1	11.9	7.5	1.9
Retail	378.2	418.6	462.5	484.3	5.9	10.7	10.5	4.7
6. Finance, Ins. & Real Estate	121.8	128.9	135.5	140.7	3.9	5.8	5.1	3.8
7. Services	397.6	440.0	480.2	512.6	6.5	10.7	9.1	6.7
8. Government	437.6	439.9	447.0	450.7	0.8	0.5	1.6	0.8
Federal	85.8	89.2	92.3	93.5	0.7	4.0	3.5	1.3
State & Local	351.9	350.7	354.7	357.2	0.9	-0.3	1.1	0.7
Total Wage & Salary Employment	2279.5	2457.1	2594.6	2653.7	3.5	7.8	5.6	2.3

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Table 2 Georgia Personal Income for 1983 with Estimates for 1984 and Forecasts through 1986
(Millions of Dollars)

	1982	1983	1984	1985	1986	82-83	83-84	84-85	85-86
Labor & Proprietors' Income									
1. Wage & Salary Income	35144	38507	43128	47235	50586	9.6	12.0	9.5	7.1
2. Other Labor Income	3394	3940	4580	5186	5805	16.1	16.2	13.2	11.9
3. Proprietors' Income	2666	3052	3802	4282	4531	14.5	24.6	12.6	5.8
Farm	589	530	813	955	998	-10.0	53.4	17.5	4.5
Nonfarm	2077	2522	2989	3327	3533	21.4	18.5	11.3	6.2
Labor & Proprietors' Income:									
1. Farm	822	723	991	1143	1193	-12.0	37.1	15.3	4.4
2. Mining	160	172	205	229	250	7.5	19.2	11.7	9.2
3. Contract Construction	2151	2407	3038	3582	3698	11.9	26.2	17.9	3.2
4. Manufacturing	9169	10143	11121	12006	12588	10.6	9.6	8.0	4.8
Durables	3797	4230	4978	5593	5951	11.4	17.7	12.4	5.5
Nondurables	5372	5913	6143	6413	6637	10.1	3.9	4.4	3.5
5. Transportation & Utilities	4253	4683	5202	5684	6099	10.1	11.1	9.3	7.3
6. Trade	7804	8642	9905	11115	11983	10.7	14.6	12.2	7.8
Wholesale	3782	4174	4855	5447	5845	10.4	16.3	12.2	7.3
Retail	4022	4468	5050	5668	6138	11.1	13.0	12.2	8.3
7. Finance, Ins. & Real Estate	2290	2683	3063	3418	3760	17.2	14.2	11.6	10.0
8. Services	6492	7386	8499	9714	10996	13.8	15.1	14.3	13.2
9. Other Industries	147	165	183	197	214	12.2	10.9	7.7	8.5
10. Government	7916	8492	9054	9615	10141	7.3	6.6	6.2	5.5
Federal Civilian	1959	2105	2236	2399	2443	7.5	6.2	7.3	1.8
Federal Military	1248	1315	1411	1503	1557	5.4	7.3	6.5	3.6
State & Local	4709	5072	5408	5713	6141	7.7	6.6	5.6	7.5
Plus:									
Property Income	8373	8853	10103	11140	12054	5.7	14.1	10.3	8.2
State U.I. Benefits	329	286	197	217	252	-13.1	-31.1	10.2	16.1
Other Transfers	7106	7786	8279	8765	9317	9.6	6.3	5.8	6.4
Residence Adjustment	-38	-99	-129	-162	-181	----	----	----	----
Less: Social Ins. Contributions	2496	2773	3182	3626	4010	11.1	14.7	14.0	10.6
Equals: Total Personal Income	54521	59551	66779	73037	78354	9.2	12.1	9.4	7.3
Nonfarm Personal Income	53699	58826	65788	71894	77161	9.5	11.8	9.3	7.3
% of U.S. Nonfarm	2.11	2.17	2.22	2.26	2.28	----	----	----	

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Table 3 Atlanta MSA Wage and Salary Employment for 1983 through 1984 with Forecasts for 1985 and 1986
(Thousands)

Industry	1983	1984(r)	1985	1986	83-84	84-85	85-86
1. Mining	1.0	1.1	1.2	1.2	10.0	9.1	0.0
2. Contract Construction	51.7	63.8	76.2	72.5	23.4	19.4	-4.9
3. Manufacturing	160.5	174.5	179.9	180.6	8.7	3.1	0.4
Durables	77.7	88.2	93.8	94.0	13.5	6.3	0.2
Lumber	3.6	3.7	3.8	3.8	2.8	2.7	0.0
Furniture	3.9	4.6	5.0	5.1	17.9	8.7	2.0
Stone, Clay, Glass	8.4	8.9	9.0	8.9	6.0	1.1	-1.1
Primary Metals	5.6	6.4	6.6	6.5	14.3	3.1	-1.5
Fabricated Metals	8.1	8.8	8.9	8.8	8.6	1.1	-1.1
Nonelectrical Machinery	8.2	9.7	11.1	11.3	18.3	14.4	1.8
Electrical Machinery	12.1	13.0	13.7	14.1	7.4	5.4	2.9
Transportation Equipment	22.7	27.9	30.3	30.0	22.9	8.6	-1.0
Other Durables	5.0	5.3	5.4	5.5	6.0	1.9	1.9
Nondurables	82.8	86.3	86.1	86.6	4.2	-0.2	0.6
Food	19.8	20.2	20.6	20.9	2.0	2.0	1.5
Textiles	9.0	8.9	8.8	8.6	-1.2	-1.1	-2.3
Apparel	12.5	13.0	12.3	12.0	4.0	-5.4	-2.4
Paper	8.3	8.2	8.1	8.0	-1.3	-1.2	-1.2
Printing	17.8	19.4	19.7	20.1	8.9	1.5	2.0
Chemicals	8.4	9.3	9.6	9.9	10.7	3.2	3.1
Other Nondurables	7.0	7.3	7.0	7.1	4.3	-4.1	1.4
4. Transportation, Comm. & Utilities	93.9	99.5	106.1	108.3	5.9	6.6	2.1
5. Trade	305.7	337.9	362.6	374.4	10.5	7.3	3.3
Wholesale	112.2	124.6	131.9	133.5	11.1	5.9	1.2
Retail	193.5	213.3	230.7	240.9	10.2	8.2	4.4
6. Finance, Ins. and Real Estate	77.1	81.7	87.3	90.6	6.0	6.9	3.8
7. Services	235.7	263.7	292.2	310.8	11.9	10.8	6.4
8. Government	171.4	173.4	179.2	182.1	1.2	3.3	1.6
Federal	34.7	35.5	37.2	37.8	2.3	4.8	1.6
State & Local	136.7	137.9	142.0	144.3	0.9	3.0	1.6
Total Wage & Salary Employment	1096.0*	1194.5	1284.7	1320.5	9.0	7.6	2.8

*Addition of Barrow, Coweta and Spalding added nearly 35,000 jobs to base in 1983. Growth in 15 counties was 5% in that year.

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Table 4 Atlanta MSA Personal Income for 1982 and 1983 with Estimates for 1984 and Forecasts through 1986
(Millions of Dollars)

	1982	1983	1984	1985	1986	82-83	83-84	84-85	85-86
Labor & Proprietors' Income:									
1. Wage & Salary Income	18520	20965	23791	26705	28732	13.2	13.5	12.2	7.6
2. Other Labor Income	1825	2074	2360	2691	3024	13.6	13.8	14.0	12.4
3. Proprietors' Income	1024	1210	1427	1611	1728	18.2	17.9	12.9	7.3
Farm	36	28	31	32	32	----	----	----	----
Nonfarm	988	1181	1396	1579	1696	19.5	18.2	13.1	7.4
Labor & Proprietors' Income:									
1. Farm	49	42	46	48	49	-14.3	9.5	4.3	2.1
2. Contract Construction	1040	1241	1587	2036	2085	19.3	27.9	28.3	2.4
3. Manufacturing	3520	4105	4610	5092	5379	16.6	12.3	10.5	5.6
Durables	1957	2184	2608	2988	3168	11.6	19.4	14.6	6.0
Nondurables	1562	1921	2002	2104	2211	23.0	4.2	5.1	5.1
4. Transportation & Utilities	2940	3406	3828	4249	4594	15.9	12.4	11.0	8.1
5. Trade	5105	5663	6468	7134	7648	10.9	14.2	10.3	7.2
Wholesale	2925	3198	3694	4085	4355	9.3	15.5	10.6	6.6
Retail	2180	2466	2774	3049	3293	13.1	12.5	9.9	8.0
6. Finance, Ins. & Real Estate	1606	1892	2164	2454	2700	19.8	14.4	13.4	10.0
7. Services	3998	4535	5274	6118	6907	13.4	16.3	16.0	12.9
8. Other Industries	90	107	119	126	135	18.8	11.3	5.8	7.3
9. Government	3022	3259	3481	3750	3987	7.8	6.8	7.7	6.3
Federal Civilian	852	905	946	1027	1049	6.2	4.5	8.6	2.1
Federal Military	155	159	169	179	181	2.6	6.3	5.7	1.4
State & Local	2015	2195	2366	2544	2757	8.9	7.8	7.5	8.4
Plus:									
Property Income	3813	3850	4370	4833	5239	0.9	13.5	10.6	8.4
Transfer Payments	2628	2782	2924	3091	3295	5.9	5.1	5.7	6.6
Residence Adjustment	-501	-552	-583	-601	-635	----	----	----	----
Less: Social Ins. Contributions	1324	1533	1782	2082	2313	15.8	16.2	16.8	11.1
Equals: Total Personal Income	25986	28795	32507	36248	39070	10.8	12.9	11.5	7.8
Nonfarm Personal Income	25937	28753	32461	36200	39021	10.9	12.9	11.5	7.8
% of Georgia Nonfarm	48.30	48.28	49.34	50.35	50.57	----	----	----	----
Population (#,Thousands)*	2245	2305	2373	2440	2498	2.76	2.95	2.82	2.38

*New MSA definition, which was 2138 in 1980

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	84-1	84-2	84-3	84-4(r)	85-1(p)	Mar.(p)	84-1	84-2	84-3	84-4(r)	85-1(p)	Mar.(p)
Total	2389.6	2424.8	2491.6	2534.4	2576.0	2578.8	1157.5	1177.1	1209.0	1237.6	1258.3	1263.3
Mining	7.8	7.8	7.8	8.2	8.1	8.1	-	-	-	-	-	-
Contract Construction	124.4	127.5	135.6	141.4	143.0	145.6	59.7	61.3	64.1	70.2	73.5	75.3
Manufacturing	536.4	544.3	550.6	552.8	554.2	549.6	170.5	173.9	175.9	179.3	178.8	177.8
Durables	200.0	204.6	211.0	214.5	214.9	214.3	84.4	87.4	89.9	92.2	92.5	92.3
Lumber	33.4	33.7	34.8	35.7	36.3	36.3	3.7	3.9	3.7	3.7	3.9	3.7
Furniture	10.7	10.8	11.0	10.9	10.9	11.0	4.6	4.5	4.5	4.6	4.8	4.9
Stone, Clay, Glass	18.6	18.7	19.2	19.3	19.2	19.1	8.7	8.8	9.1	9.0	9.0	8.7
Primary Metals	15.7	16.3	16.5	16.4	15.8	15.5	6.0	6.6	6.5	6.9	6.4	6.5
Fabricated Metals	20.2	19.9	20.1	20.1	19.8	19.8	8.5	8.6	9.0	9.0	8.9	8.8
Nonelectrical Machinery	23.0	23.7	24.6	26.5	23.9	25.8	9.0	9.4	9.5	11.0	10.8	10.9
Electrical Machinery	25.6	26.0	26.8	26.8	27.3	27.2	12.6	13.0	13.2	13.0	13.4	13.4
Transportation Equipment	40.9	42.9	45.2	45.9	46.7	46.7	26.2	27.3	29.0	29.6	30.0	30.1
Other Durables	11.9	12.6	12.8	12.9	13.0	13.0	5.1	5.3	5.4	5.4	5.3	5.3
Nondurables	336.4	339.7	339.6	338.3	339.3	335.3	86.1	86.5	86.1	87.1	86.3	85.5
Food	56.6	57.3	56.8	57.3	60.0	58.2	20.2	19.9	20.3	20.3	20.4	20.5
Textiles	106.0	106.7	106.0	104.2	102.6	101.0	8.7	9.2	8.7	9.2	8.7	8.4
Apparel	74.3	75.2	75.1	74.3	73.5	73.3	13.0	13.3	12.9	13.1	12.8	12.4
Paper	29.7	29.9	29.8	29.9	30.1	29.9	8.4	8.3	8.1	8.1	8.0	8.1
Printing	29.6	30.3	30.7	31.0	31.5	31.5	19.5	19.4	19.2	19.6	19.7	19.5
Chemicals	18.6	18.8	19.0	19.1	19.0	19.1	9.1	9.3	9.4	9.4	9.5	9.4
Leather	1.6	1.6	1.7	1.8	1.9	1.8	-	-	-	-	-	-
Other Nondurables	20.0	19.9	20.5	20.7	20.7	20.5	7.2	7.1	7.5	7.4	7.2	7.0
Transportation, Comm. & Util.	152.1	153.1	155.0	157.4	160.9	161.2	97.4	98.8	100.0	101.9	104.3	104.5
Trade	583.9	593.4	615.1	638.8	658.6	663.1	327.4	333.0	341.8	350.3	356.8	357.7
Wholesale	182.7	184.8	191.7	198.8	202.3	202.8	120.4	122.8	126.0	130.0	129.8	130.7
Retail	401.2	408.6	423.4	440.0	456.3	460.3	207.0	210.2	215.8	220.3	227.0	227.0
Finance, Ins. & Real Estate	125.8	127.3	130.2	135.0	134.7	134.6	79.5	80.6	82.2	84.0	86.1	85.8
Services	421.5	431.6	447.3	459.4	471.4	473.0	251.6	258.9	269.0	275.8	283.0	284.6
Government	437.6	439.8	440.0	441.4	445.1	443.6	171.4	170.6	176.0	176.1	175.8	177.6
Federal	87.8	88.6	89.4	90.7	91.5	91.7	34.9	35.1	35.5	36.1	36.4	36.8
State & Local	349.8	351.2	350.6	350.7	353.6	351.9	136.5	135.5	140.5	140.0	139.4	140.8

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Table 6 Metro Atlanta Housing Permits for 1982 through 1984 with Forecasts through 1986

	1982		1983		1984		1985		1986	
County	single	multi	single	multi	single	multi	single	multi	single	multi
Butts	----	----	----	----	----	---	120	0	135	0
Cherokee	885	0	1172	14	1466	28	1750	15	1580	30
Clayton	642	28	1269	6	1143	576	1200	480	1110	520
Cobb	3337	824	5986	4243	6365	3095	6550	2130	6240	1780
DeKalb	2023	1107	3119	4371	3227	2965	3250	1720	2940	1520
Douglas	307	4	658	6	533	8	630	160	620	100
Fayette	----	----	----	----	----	----	920	0	1010	0
Forsyth	277	30	463	14	609	57	720	120	740	100
Fulton	2175	2601	2634	2252	2334	2979	2375	3300	2010	2650
Gwinnett	3686	1523	5980	3226	5977	6155	6440	5450	6410	4380
Henry	334	10	602	18	656	56	710	100	700	60
Newton	----	----	----	----	----	----	290	30	300	50
Paulding	----	----	----	----	----	----	720	0	750	0
Rockdale	261	138	437	144	623	83	700	100	670	80
Walton	----	----	----	----	----	----	235	0	245	0
Total	13936	6265	22320	14394	22933	16002	26610	13605	25460	11270
% Change From Previous Year	+37.7	+10.9	+60.2	+129.8	+2.7	+11.2	+6.1	-15.2	-4.3	-17.2
% Change in Total (single + multi)	+28.0		+81.7		+6.0		-2.7		-8.7	
Estimated Potential Absorption (000)	----		33.7		36.8		38.3		35.2	

NOTE: The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

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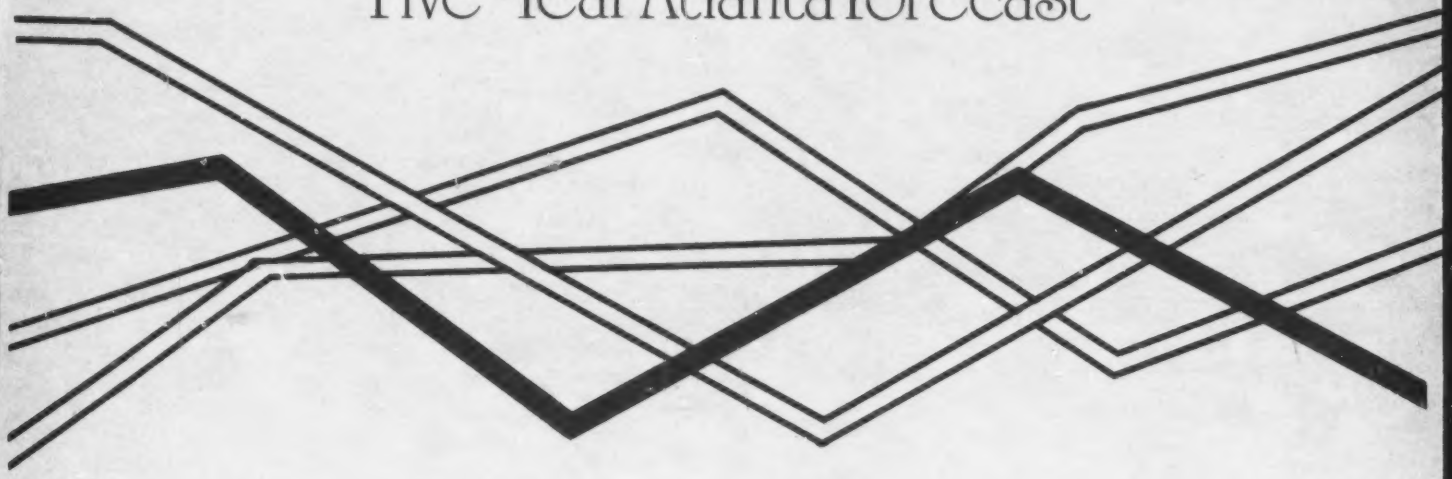
GEORGIA & ATLANTA 1985-1987

Five-Year Atlanta Forecast



Economic Forecasting Project

Georgia State University
College of Business Administration

August, 1985

SLOWER GROWTH BUT NO RECESSION SEEN IN NEXT TWO YEARS

Dr. Donald Ratajczak
Director
Economic Forecasting Project
Georgia State University

Recent Activity

Georgia continued to exceed performance nationwide during the first quarter of 1985. Nonfarm personal income was up 2.1% in the quarter versus 1.7% for the nation. Over the past year, nonfarm personal income in Georgia exceeded the national performance by nearly two percentage points. During the past year, Georgia experienced stronger earnings growth in all sectors than the nation except in nondurables and wholesale trade. In the past quarter, however, the Georgia economy began to slip behind national performance in several areas. Earnings from small businesses as recorded in proprietors' income grew slower in Georgia. Farm income fell much more sharply in Georgia, as profitability in the poultry industry declined sharply. Earnings gains in nondurable manufacturing were non-existent in Georgia although they grew modestly nationwide. Contract construction showed smaller rates of gain in Georgia than the nation during the winter months. Wholesale trade earnings continued to grow more slowly in Georgia.

More than offsetting these areas of relative weakness were substantial strength in the Georgia transportation sector, a continuation of explosive growth in retail trade, significant expansion in the financial area, and dramatic growth in services. Earnings by state and local government workers also grew more rapidly in Georgia than in the nation as teachers' salaries were improved and a healthy state budget permitted extensions of government services.

According to our seasonally adjusted non-agricultural employment estimates contained in Table 5, this more favorable performance by Georgia than the nation in personal income gains should come to an end when the second quarter reports are presented. While employment nationwide expanded 2.9% at annual rates, the increase was only 1.5% in Georgia. By far the major reason for this relative slowing in Georgia is the weakness in manufacturing. Employment declined both for durable and nondurable manufacturing, with especially sharp declines in the textile and apparel industries. Employment declines also were registered for paper, printing, chemicals (especially agricultural chemicals), and building materials. Employment slipped for primary metals, especially nonferrous, the

machinery sector, and especially transportation equipment. The Lockheed-Georgia aerospace operations are approaching their peak levels of employment while model changeovers have begun to slow employment prospects in the auto assembly plants in Atlanta.

Employment gains remain robust for trade, although wholesale activity is growing much more slowly than in the past year. Slowing in the finance group is largely the result of a moderate decline in real estate employment. This is expected to improve during the second half of the year.

Part of the slower employment growth in Georgia may be the result of more rapidly improving productivity gains than in the United States. According to our coincident indicators, economic activity in Georgia expanded 3.4% during the second quarter. This compares to a preliminary gain of only 1.7% for the nation. As a result, productivity gains appear to be 1.9% in Georgia as compared to only 0.5% for the private nonfarm economy in the nation. Virtually all of the indicators contributed to strength in the second quarter except the index of hours worked. Even there, declines only occurred in April. Some of the areas of significant strength included rapid growth in bank deposits, significant improvement in the insured unemployment rate, reductions in the value of unemployment claims, and significant growth in corporate tax accruals. Activity slowed in June from second quarter levels, however. The corporate sector appears to have experienced a significant portion of this June sluggishness.

Georgia's leading indicators anticipated the June sluggishness. During the first six months of 1985, the indicators declined on two occasions. Except for a significant rebound in May, the leading indicators remain sluggish. Weakness has developed both in consumer activity and in residential building permits. Construction indicators for nonresidential activity remain positive, although the degree of strength has been easing. However, strong declines in unemployment claims suggest that the collapse in manufacturing activity is nearing an end. In short, the leading indicators suggest that manufacturing weakness will diminish, but they are not showing any areas of increasing strength. Thus, the Georgia economy probably will perform in a lackluster but positive way during the remainder of 1985.

Taxable sales in Georgia have slowed to only a 10.1% year-over-year gain in the first quarter. This continued slowing in the volume of sales activity is at odds with estimates of continued rapid growth in retail employment. Indeed, the percentage growth in retail jobs now exceeds the dollar value of growth in sales. After adjustment for inflation, employment appears to be excessive for sales growth by at least three percentage points. On the other hand, household income is growing sufficiently to support this reduced level of taxable sales. Over the past year, nonfarm personal income increased 9.8%. When tax changes are included, disposable income grew 11%. This suggests that savings rates increased slightly in Georgia even as they were falling sharply nationwide. Apparently, the erosion in manufacturing activity has created a cautious Georgia consumer. Even if this cautious performance diminishes later in the year, the Georgia economy appears to be "overstored". Thus, significant slowing in employment gains in the retail sector is anticipated for 1986 and 1987.

According to the insured unemployment rate, Georgia and Atlanta continue to perform well relative to the nation. The insured unemployment rate in Atlanta remains 1.1% and is a relatively low 1.9% for the state. These compare

favorably with the 2.8% registered nationwide. However, the gap between total unemployment in Georgia and the United States has narrowed sharply. While unemployment nationwide increased only 0.1 percentage points in the past year, unemployment in Georgia rose 0.8 percentage points to 7.0%. The Georgia unemployment rate probably will fall during the summer months, but the unemployment rate should average 6.4% for Georgia in 1985 and rise slightly to 6.6% in 1986. The rate could rise slightly further in 1987. Atlanta continues to show the lowest unemployment rate, although unemployment has increased from 5.3% a year ago to 5.7% this June. Unemployment in Athens has increased from 5.3% to 6% over the same period of time. Unemployment in Augusta remains unchanged at 7.3% from a year ago. Unemployment has improved from previous year levels in Columbus, although the rate is a high at 9.3%. Unemployment has increased sharply in Macon from 7.0% a year ago to 8.7% currently. Increases also are significant in Savannah, rising from 7.2% to 8.3% and in Albany, with an increase from 8.3% to 9.4%. Only Atlanta and Augusta are experiencing employment gains from previous year levels as measured by the household surveys.

Inflation continued to grow more rapidly in Atlanta than in the United States during the past two months. With the U. S. rate increasing 0.7% in that time, gains were 1.0% in Atlanta. As a result, inflation now is 4.5% in Atlanta as compared to 3.7% nationwide. Grocery store prices increased only 0.4% in Atlanta over the past year as compared to 1.6% for the nation. Weakness was especially significant for bakery products and meats. However, a surprisingly large 7.9% increase in menu prices far outstripped a 4.1% gain for the nation. Atlanta has also been registering large increases for rents (7.3% versus 6.4%), homeownership (7.0% versus 5.6%), entertainment (9.6% versus 4.0%), and especially apparel (8.1% versus 3.6%). In the past two months, Atlanta price increases have been especially sharp for utility rates (7.7% versus 4.4%), men's clothing (4.6% versus -0.5%), footwear (4.4% versus 0.3%), and entertainment (4.1% versus 0.6%).

As a result of these rapid price gains in housing, food-away-from-home, clothing, and entertainment, consumer prices in Georgia are expected to exceed national consumer price gains by nearly 1% in 1985. The inflation rate should narrow to a gain of 0.5% over the national average in 1986 and increase with the national average in 1987. This would mean that the Atlanta CPI should grow 4.5% in 1985, 4.8% in 1986, and 5.3% in 1987.

Loan commitments at Georgia's thrift institutions continue to grow sharply, expanding 7.6% as compared to a regional gain of 12.8% and 8.6% gain nationwide. These commitments may have been encouraged by an acceleration in deposits in Georgia. While deposits expanded 2.5% in the state and 2.3% in the region, they grew only 1.6% nationwide. However, regulatory net worth expanded much more slowly in Georgia, only 2.1% as compared to gains of 5.5% for the nation and a Florida led 9.8% gain for the southeast.

Effective mortgage rates have fallen much more sharply in Georgia than in the United States. Mortgage rates in Atlanta were an effective 10.99%, down 1.10 percentage points from the previous year. This compares with an effective 11.77% nationwide, only a 0.47 percentage point improvement in the past year. Conventional rates are expected to increase slightly in Atlanta during the second half of 1985. However, effective rates should remain below 12% during the next two years. The effective rate should be 11.5% in 1986 and average 11% in 1987. Housing prices in Atlanta have increased $10,600 from the previous year as compared to $8,800 nationwide.

Revenue growth slowed sharply in Georgia during the second quarter as tax refunds were more significant than a year ago. Collections actually fell 1.4% behind previous year levels in June. Nevertheless, tax collections were 14.8% above the previous fiscal year. This provided a significant surplus to be used for future years. With the current budget requiring revenue gains of 12.6%, some of that surplus will be utilized. Revenue gains of only 11.0% are projected for the next fiscal year followed by an increase of 9.5% in the subsequent year. To reach the current projection it will be necessary for revenue growth to accelerate from the 9.3% rate of the spring quarter. The 9.3% rate compares with gains of 13.8%, 13.2%, 22.2%, and 15.5% in previous quarters.

Some of the slowing in state revenue clearly is the result of tax refund problems. Net tax collections for personal income increased only 7.9% as compared to 18.0% for the previous quarter. In earlier quarters, revenue increases were 14.2%, 31.4%, and 11.1%. All state and local governments did not show the same fluctuations in their tax collections. Income tax gains were 6.5% as compared to 6.8%, 5.5%, 6.6%, and 12.6% in previous quarters. However, the retrenchment of consumption in Georgia also is influencing state collections. Sales tax receipts were up only 4.8% from previous year levels as compared to 12.0%, 12.9%, 16.5%, and 19.2% in previous quarters. Indeed, sales tax receipts now trail the 8.1% gain registered for all state and local governments. In previous quarters, state and local governments showed increases of 7.8%, 10.2%, 10.1%, and 11.2%. Fortunately, corporate profitability remained strong in Georgia. Improvement in productivity during the second quarter probably accounts for some of the 28.4% gain in corporate tax accruals from previous year levels. This compares to increases of 32.8%, 29.5%, 34.1%, and 28.1% in previous quarters. In contrast, all state and local governments showed corporate tax declines of 14.9% in the spring and 9.1% in the winter. Corporate taxes also declined 2.8% in the previous fall and showed no change in the summer. While Georgia's economy is healthier than in other states, the significant slowing in revenue gains strongly suggests that some of the accumulated surplus will be needed to meet budgetary requirements in the next two years.

Summary of Outlook

After expanding an estimated 8.3% in 1984, the Georgia economy is expected to show only 4% growth in 1985. Activity is expected to slow further to a 3% gain in gross state product in 1986. Our preliminary estimates for 1987 also show relatively sluggish gains of 3.0%. On the other hand, no decline in overall Georgia activity is anticipated in the next few years.

Although construction activity is beginning to outstrip housing and industrial needs, sufficient momentum exists to generate increasing jobs into 1986. While further construction gains are likely as a result of development of a new interstate system from Brunswick and increasing industrial activity such as the Fort Howard paper mill near Savannah, reduced construction activity by Georgia Power as its nuclear facilities near completion and a reduction in housing activity should cause a moderate decline in construction in 1987.

Durable manufacturing is beginning to show the same weakness in Georgia that has developed nationwide. With anticipations of consumer retrenchment in durable purchases, declines are expected in transportation equipment and furniture. Construction materials also are expected to show modest declines.

Only moderate weakness is expected in the Georgia machinery industry, although nonelectrical machinery currently is projected to show a modest employment dip in 1987. In general, durable manufacturing is expected to show minimal employment gains over the next two years following a rapid surge of employment in the past three years.

Nondurable manufacturing is even more vulnerable than the durables. While weakness in the dollar should begin to arrest the dramatic erosion in nondurable employment, textile jobs are expected to continue diminishing until late 1986. While apparel employment is expected to improve by mid-1986, that industry also should remain well below peak 1984 levels. The paper industry is expected to gradually improve late in 1986 following a continuation of employment erosion through the remainder of 1985. Printing is expected to show weakness in the next two years. The chemical industry is showing some weakness at the present time, but all of the decline is in agricultural chemicals. As the agricultural economy gradually improves in the next two years, some advance in overall chemical employment is expected. Nevertheless, payrolls in nondurable manufacturing are expected to fall through the remainder of 1985 and into 1986. Then, a modest rebound is expected.

Rapid growth in transportation and communication during the past two years is expected to be followed by relatively modest gains thereafter. Similarly, rapid and unsustainable gains in the trade sector during 1985 should be followed by significant slowing during the next two years. With the Georgia consumer definitely slowing purchasing growth, the acceleration in retail employment during 1985 clearly is inappropriate. Indeed, employment could grow even more slowly in 1986 than currently projected. On the other hand, finance and insurance has rebounded significantly in the past six months. Strength could be sustained at recent rates of gain during the next two years. In the service sector, growth rates should slow significantly from those recorded in 1984 and 1985.

Finally, previous gains in Georgia population require greater increases in federal employment. In addition, civilian employment associated with the King's Bay military development should generate expanded government payrolls over the next few years. While the state may foolishly spend the revenue surpluses generated in the past year, it is assumed that only modest payroll gains will develop in the next two years.

As a result of these projections of significant slowing in the service sector and actual declines in goods producing payrolls, employment in the Georgia economy is expected to slow sharply from the 7.8% gain recorded in 1984 to a more modest 5.7% gain in 1985 and relatively sluggish gains of only 2% in 1986 and 1987.

This slowing in payrolls will be reflected in more significant slowing in incomes as well. While farm income is expected to continue its recovery from disastrous 1983 levels during the next few years, income gains should slow sharply in all other sectors. Manufacturing may show earnings acceleration in 1987 following two years of relatively sluggish gains. Only the finance and service sectors are expected to experience double-digit earnings gains in the next two years. Property income should accelerate after a significant slowing in 1985 from declining interest rates. In 1986 and 1987, personal income in Georgia is expected to continue growing more rapidly than in the nation. There will be a significant deviation from dramatically faster gains in personal income than nationwide during the past three years.

ATLANTA'S RETAIL AND SERVICE ECONOMY ALSO SLOWS

According to our seasonally adjusted employment estimates over the first six months, all the employment gains in Georgia have occurred in Atlanta. This is because manufacturing has slumped sharply, while the Atlanta economy is not heavily concentrated in those rapidly diminishing manufacturing jobs. One exception is the weakness in transportation equipment, as the Hapeville plant has slowed for significant model changeovers. Now that Lockheed-Georgia is approaching its full employment compliment and the auto assembly plants already are at peak employment levels, little further rebound in durable manufacturing is expected in the Atlanta economy.

The extended metropolitan area includes several textile and apparel plants that were not counted in the smaller metropolitan configuration. These plants are suffering along with similar plants in the remainder of Georgia. Thus, nondurable manufacturing employment also is declining significantly in the Atlanta metropolitan area, but most of these plants are not integral to the industrial development of Atlanta. Nevertheless, Atlanta manufacturing employment should show only a negligible increase in 1985 and an actual decline in 1986 in comparison to one of the most rapid rates of increases of all metropolitan areas during 1984.

Trade employment also has slowed. Wholesale trade appears to be growing at unsustainable rates in Atlanta, but the rate of employment gain has begun to slow appreciably. More significantly, the explosion of retail jobs that developed in 1984 is not continuing in the early months of 1985. With taxable sales growing six percentage points more slowly in 1985 than in 1984, the 4% slowing in employment growth still may lead to some excess jobs in retailing. However, this will be the result of aggressive performance by employers who are establishing a presence in the Atlanta market. In the next 18 months, eighteen new department stores are expected to enter the Atlanta market.

A slowing in the national growth rate for business services is beginning to be reflected in slower growth in service employment in Atlanta as well. After generating more than 40,000 jobs in 1984, the service sector is expected to slow to only 28,000 additional jobs in 1985. Slowing also should develop for construction. A glut of condominiums, higher priced single-family homes, and rental properties is beginning to slow much of the housing market. In the first six months, permits for fee simple homes were down 41%, apartment permits had fallen 24%, and condominium permits were down 69% in the metropolitan area. However, single-family homes showed a healthy 26% advance. This pattern also persisted in June, although apartment construction rebounded with the aid of several large projects in Fulton and Gwinnett counties.

Two sectors should experience more rapid employment growth in the latter half of 1985, the transportation and financial groups. Metropolitan Atlanta is asserting its dominance in financial activity with the advent of several significant bank mergers. At the same time, additional flights from Hartsfield, the possible establishment of commercial service at another airport and gradual expansion of trucking activity all should generate increasing transportation employment opportunities.

Single-family housing remains most vigorous in Gwinnett County, where 943 permits in May and 731 in June far surpassed previous monthly totals for any county in the metropolitan area. Our projections in Table 6 expect that pace to slow in the latter half of 1985. Indeed, Gwinnett County currently is constructing at a 7500 single-family unit rate. To some extent, this growth is at the expense of multi-family developments, which were especially aggresive a year ago. At the present time, all counties except Fulton are showing significant retrenchment in their apartment and condominium activities. This slowing is especially pronounced in Cobb County for other than single-family homes. However, DeKalb also is significantly retrenching. If Gwinnett significantly slows single-family activity in the second half of 1985, as projected, single-family permits still will grow by more than 6% from robust 1984 levels. However, the significant slowing in multi-family and condominium activity, which is expected to persist through the next two years, should cause a decline in total housing permits. Surprisingly, more rapid population projections for 1984 than had originally been estimated by the Census Department indicates that housing absorption currently is more than adequate for the current magnitude of housing construction, even if portions of the housing market are overbuilt. Of course, reduced employment growth in the next two years should slow population inflows, leading to a substantial drop in absorption potential.

The latest Coldwell Banker estimates continue to show rising vacancy rates in Atlanta's industrial and commercial markets. Industrial vacancies in Atlanta are now 3.0%, up from 2.3% three months ago. However, the vacancy rate nationwide is 4.9%. Vacancy rates are expected to approach the national average for the Atlanta metropolitan area by the middle of next year.

Although dramatic employment gains have significantly increased absorption rates for Atlanta's office space, vacancy rates continue to rise. For the first time since statistics have been accumulated, vacancies in the suburban Atlanta market, at 15.8%, exceed the downtown market at 15.6%. Nevertheless, the 15.8% metro-wide vacancy rate for Atlanta remains well below the 18.7% for all metro areas nationwide. Nationwide, downtown vacancy rates average 16.1% while suburban vacancy rates are 19.7%. While vacancy rates in the downtown area should drift only slowly upward in the next 12 months, vacancies in suburban Atlanta are expected to exceed 20% by the middle of next year. A serious overbuilt problem appears to be developing on Atlanta's perimeter. Overbuilding in the Buckhead area also appears to be developing.

Atlanta's thrift industry had a lackluster performance in the latest quarter. Commitments were up a strong 11.9%, but regulatory net worth increased only 1.9%. Savings capital grew 2.3%, but the Atlanta thrift industry is not performing as robustly as other portions of the Atlanta financial community.

Not only has taxable sales in Atlanta slowed to 13.7%, but the gap between Atlanta and Georgia has narrowed to less than four percentage points. All the

major counties except DeKalb contributed to this slowing. In comparison to last year, taxable sales have performed as follows: Cherokee (11.1%), Clayton (11.7%), Cobb (14.7%), DeKalb (11.5%), Fayette (9.2%), Forsyth (25.0%), Fulton (11.4%), Gwinnett (28.3%), and Rockdale (10.0%). Rapid growth in Fayette has slowed while Forsyth has now become the outer county with greatest growth possibilities. Of course, growth in Gwinnett County remains the most dramatic of all counties in the metropolitan area.

Although employment opportunities are slowing more than projected three months ago, Atlanta still is expected to generate a 6.9% increase in jobs during 1985. A slowing to 3.1% job gains in 1986 will appear to be abrupt, but that is far from a recession. Job growth should slow slightly further to a gain of 2.4% in 1987 as a significant decline in construction develops.

This slowing in employment opportunities also will be reflected in gains for personal income. After expanding 13.2% in 1984, Atlanta's personal income is expected to grow 10.6% in 1985 and then slow further to gains of only 8.4% and 7.8% in the next two years. Much of this slowing will be in wage earnings, although the rapid expansion in propertiers' income that has made Atlanta a small business paradise will not persist.

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Table 1

Georgia Wage & Salary Employment for 1983 and 1984 with Forecasts through 1987
(Thousands)

Industry	1983	1984	1985	1986	1987	82-83	83-84	84-85	85-86	86-87
1. Mining	7.3	7.9	8.0	7.9	7.9	-1.4	8.2	1.3	-1.3	-0.2
2. Construction	108.8	132.4	146.5	147.1	142.7	5.6	21.7	10.6	0.4	-3.0
3. Manufacturing	511.1	545.5	543.9	538.2	542.4	2.2	6.7	-0.3	-1.0	0.8
Durables	185.4	207.2	212.0	210.8	210.9	3.8	11.8	2.3	-0.6	0.0
Lumber	31.0	34.4	36.0	35.9	35.7	11.5	11.0	4.7	-0.3	-0.6
Furniture	9.9	10.8	11.2	11.4	11.3	4.2	9.1	3.7	1.8	-0.9
Stone, Clay, Glass	17.7	19.0	18.9	18.7	18.5	8.9	7.3	-0.5	-1.1	-1.1
Primary Metals	15.0	16.2	15.5	15.3	15.6	-6.7	8.0	-4.3	-1.3	2.0
Fabricated Metals	18.8	20.0	19.9	19.8	20.1	3.9	6.4	-0.5	-0.5	1.5
Nonelectrical Machinery	21.0	24.5	25.7	26.0	25.8	1.0	16.7	4.9	1.2	-0.8
Electrical Machinery	24.7	26.3	27.2	27.7	28.1	5.6	6.5	3.4	1.8	1.4
Transportation Equipment	35.7	43.4	44.6	42.8	42.3	2.3	21.6	2.8	-4.0	-1.2
Other Durables	11.7	12.5	13.0	13.2	13.5	0.9	6.8	4.0	1.5	2.3
Nondurables	325.7	338.3	331 9	327.4	331.5	1.2	3.9	-1.9	-1.4	1.3
Food	57.0	57.0	57.5	57.7	58.4	-2.3	0.0	0.9	0.3	1.2
Textiles	103.3	105.7	100.8	98.3	98.9	1.1	2.3	-4.6	-2.5	0.6
Apparel	70.0	74.5	72.1	71.5	72.6	1.3	6.4	-3.4	-0.8	1.5
Paper	28.5	29.8	29.6	28.9	29.8	2.9	4.6	-0.7	-2.4	3.1
Printing	27.5	30.4	31.2	30.7	30.3	8.3	10.5	2.6	-1.6	-1.3
Chemicals	17.9	18.9	18.7	18.5	19.2	2.9	5.6	-1.1	-1.1	3.8
Leather	1.9	1.7	1.6	1.5	1.5	-13.6	-10.5	-5.9	-6.3	0.0
Other Nondurables	19.6	20.3	20.4	20.3	20.8	1.0	3.6	0.5	-0.5	2.5
4. Transportation, Comm. & Utilities	147.7	154.5	161.8	164.3	166.2	0.9	4.6	4.7	1.5	1.2
5. Trade	547.2	608.2	671.0	690.6	708.3	5.3	11.1	10.3	2.9	2.6
Wholesale	169.4	189.6	203.4	206.7	208.1	4.1	11.9	7.3	1.6	0.7
Retail	378.2	418.6	467.6	483.9	500.2	5.9	10.7	11.7	3.5	3.4
6. Finance, Ins. & Real Estate	121.8	128.9	135.3	141.4	147.2	3.9	5.8	5.0	4.5	4.1
7. Services	397.6	440.0	482.6	513.5	534.6	6.5	10.7	9.7	6.4	4.1
8. Government	437.6	439.9	446.9	452.1	456.7	0.8	0.5	1.6	1.2	1.0
Federal	85.8	89.2	92.7	94.4	95.3	0.7	4.0	3.9	1.8	1.0
State & Local	351.9	350.7	354.2	357.7	361.4	0.9	-0.3	1.0	1.0	1.0
Total Wage & Salary Employment	2279.5	2457.1	2596.0	2655.1	2706.0	3.5	7.8	5.7	2.3	1.9

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Table 2 Georgia Personal Income for 1983 and 1984 with Estimates for 1985 and Forecasts through 1987
(Millions of Dollars)

	1983	1984	1985	1986	1987	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:									
1. Wage & Salary Income	38507	43144	47064	50815	54617	12.0	9.1	8.0	7.5
2. Other Labor Income	3940	4582	5078	5550	6055	16.2	10.8	9.3	9.1
3. Proprietors' Income	3052	3801	4182	4437	4784	24.6	10.0	6.1	7.8
Farm	530	813	863	941	1100	53.4	6.2	9.0	16.9
Nonfarm	2522	2988	3319	3496	3684	18.5	11.1	5.3	5.4
Labor & Proprietors' Income:									
1. Farm	723	991	1053	1146	1321	37.1	6.3	8.8	15.3
2. Mining	172	206	222	234	247	19.2	7.5	5.2	5.8
3. Contract Construction	2407	3030	3398	3548	3594	26.2	12.1	4.4	1.3
4. Manufacturing	10143	11417	11885	12416	13208	9.6	4.1	4.5	6.4
Durables	4230	4991	5423	5683	6030	17.7	8.7	4.8	6.1
Nondurables	5913	6426	6462	6733	7178	3.9	0.6	4.2	6.6
5. Transportation & Utilities	4683	5166	5528	5942	6382	11.1	7.0	7.5	7.4
6. Trade	8642	9876	11032	11843	12734	14.6	11.7	7.4	7.5
Wholesale	4174	4841	5344	5734	6124	16.3	10.4	7.3	6.8
Retail	4468	5035	5688	6109	6610	13.0	13.0	7.4	8.2
7. Finance, Ins. & Real Estate	2683	3089	3526	4023	4490	14.2	14.1	11.3	11.6
8. Services	7386	8500	9694	11051	12178	15.1	14.0	12.3	10.2
9. Other Industries	165	184	204	223	246	10.9	10.6	9.6	10.2
10. Government	8492	9078	9782	10376	11056	6.6	7.8	6.1	6.6
Federal Civilian	2105	2235	2381	2467	2595	6.2	6.5	3.6	5.2
Federal Military	1315	1411	1498	1563	1671	7.3	6.2	4.3	6.9
State & Local	5072	5432	5903	6346	6790	6.6	8.7	7.5	7.0
Plus:									
Property Income	8853	10085	10734	11539	12370	14.1	6.4	7.5	7.2
State U.I. Benefits	286	197	251	289	236	-31.1	27.4	15.1	-18.3
Other Transfers	7786	8290	8883	9478	10189	6.3	7.2	6.7	7.5
Residence Adjustment	-99	-130	-163	-176	-183	----	----	----	----
Less: Social Ins. Contributions	2773	3183	3613	4028	4424	14.7	13.5	11.5	9.8
Equals: Total Personal Income	59551	66786	72416	77904	83644	12.1	8.4	7.6	7.4
Nonfarm Personal Income	58826	65898	71363	76758	82323	11.8	8.3	7.6	7.3
% of U.S. Nonfarm	2.17	2.23	2.27	2.29	2.30	----	----	----	----

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Table 3 Atlanta MSA Wage and Salary Employment for 1984 with Forecasts through 1987
(Thousands)

Industry	1984	1985	1986	1987	84-85	85-86	86-87
1. Contract Construction	63.8	75.1	75.5	71.3	17.7	0.5	-5.6
2. Manufacturing	174.5	176.3	174.6	175.4	1.0	-1.0	0.5
Durables	88.2	91.6	90.4	90.4	3.9	-1.3	0.0
Lumber	3.7	3.8	3.8	3.8	2.7	0.0	0.0
Furniture	4.6	5.0	5.1	5.1	8.7	2.0	0.0
Stone, Clay, Glass	8.9	8.9	8.8	8.7	0.0	-1.1	-1.1
Primary Metals	6.4	6.5	6.5	6.7	1.6	0.0	3.1
Fabricated Metals	8.8	9.0	9.2	9.3	2.3	2.2	1.1
Nonelectrical Machinery	9.7	11.0	11.2	11.1	13.4	1.8	-0.9
Electrical Machinery	13.0	13.3	13.6	13.8	2.3	2.3	1.5
Transportation Equipment	27.9	28.8	26.9	26.5	3.2	-6.6	-1.5
Other Durables	5.3	5.3	5.3	5.4	0.0	0.0	1.9
Nondurables	86.3	84.7	84.2	85.0	-1.9	-0.6	1.0
Food	20.2	20.2	20.5	20.8	0.0	1.5	1.5
Textiles	8.9	8.5	8.3	8.3	-4.5	-2.4	0.0
Apparel	13.0	12.3	12.2	12.5	-5.4	-0.8	2.5
Paper	8.2	7.9	7.7	7.8	-3.7	-2.5	1.3
Printing	19.4	19.5	19.5	19.4	0.5	0.0	-0.5
Chemicals	9.3	9.4	9.3	9.5	1.1	-1.1	2.2
Other Nondurables	7.3	6.9	6.7	6.7	-5.5	2.9	0.0
3. Transportation, Comm. & Utilities	99.5	105.2	107.3	109.0	5.7	2.0	1.6
4. Trade	337.9	363.7	376.8	387.8	7.6	3.6	2.9
Wholesale	124.6	132.5	135.1	137.0	6.3	2.0	1.4
Retail	213.3	231.2	241.7	250.8	8.4	4.5	3.8
5. Finance, Ins. and Real Estate	81.7	86.5	90.1	93.7	5.9	4.2	4.0
6. Services	263.7	291.6	311.4	326.7	10.6	6.8	4.9
7. Government	173.4	178.3	181.3	183.7	2.8	1.7	1.3
Federal	35.5	37.0	38.1	38.7	4.2	3.0	1.6
State & Local	137.9	141.3	143.2	145.0	2.5	1.3	1.3
Total Wage & Salary Employment	1194.5	1276.7	1316.5	1347.6	6.9	3.1	2.4

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Table 4 Atlanta MSA Personal Income for 1982 and 1983 with Estimates for 1984 and Forecasts through 1986
(Millions of Dollars)

	1982(r)	1983	1984	1985	1986	1987	82-83	83-84	84-85	85-86	86-87
Labor & Proprietors' Income:											
1. Wage & Salary Income	18543	20589	23395	26148	28461	30722	11.0	13.6	11.8	8.8	7.9
2. Other Labor Income	1797	2088	2441	2712	2969	3237	16.0	16.9	11.1	9.5	9.0
3. Proprietors' Income	1058	1298	1556	1749	1862	1987	22.0	19.9	12.4	6.5	6.7
Farm	62	66	76	81	89	101	6.0	15.2	6.6	9.9	13.5
Nonfarm	996	1231	1480	1668	1773	1886	23.0	20.2	12.7	6.3	6.4
Labor & Proprietors' Income:											
1. Farm	78	80	91	98	108	121	2.0	13.8	7.7	10.2	12.0
2. Contract Construction	1037	1222	1559	1859	1942	1917	17.0	27.6	19.2	4.5	-1.3
3. Manufacturing	3495	3796	4391	4662	4870	5172	8.0	15.7	6.2	4.5	6.2
Durables	1938	2094	2523	2783	2897	3074	8.0	20.5	10.3	4.1	6.1
Nondurables	1557	1703	1868	1879	1973	2098	9.0	9.7	0.6	5.0	6.3
4. Transportation & Utilities	2929	3228	3606	3894	4206	4534	10.0	11.7	8.0	8.0	7.8
5. Trade	5081	5685	6475	7299	8016	8653	11.9	13.9	12.7	9.8	7.9
Wholesale	2894	3218	3707	4263	4724	5078	11.2	15.2	15.0	10.8	7.5
Retail	2187	2467	2768	3036	3292	3575	12.8	12.2	9.7	8.4	8.6
6. Finance, Ins. & Real Estate	1572	1874	2161	2485	2758	3075	19.0	15.3	15.0	11.0	11.5
7. Services	4084	4691	5456	6329	7132	7917	14.0	16.3	16.0	12.7	11.0
8. Other Industries	91	119	134	147	162	180	30.8	12.7	9.8	10.3	10.7
9. Government	3030	3280	3519	3836	4098	4377	8.0	7.3	9.0	6.8	6.8
Federal Civilian	856	926	968	1033	1083	1146	8.0	4.5	6.8	4.8	5.8
Federal Military	158	182	199	211	221	233	15.0	9.6	5.8	4.6	5.5
State & Local	2016	2172	2352	2592	2794	2998	7.0	8.3	10.2	7.8	7.3
Plus:											
Property Income	3911	4141	4704	5029	5421	5822	5.0	13.6	6.9	7.8	7.4
Transfer Payments	2644	2863	3015	3238	3464	3704	8.0	5.3	7.4	7.0	6.9
Residence Adjustment	-650	-701	-796	-824	-839	-852					
Less: Social Ins. Contributions	1317	1483	1726	2008	2257	2489	12.0	16.4	16.3	12.4	10.3
Equals: Total Personal Income	25986	28795	32589	36044	39081	42131	10.0	13.2	10.6	8.4	7.8
Nonfarm Personal Income	25908	28715	32498	35946	38973	42010	10.0	13.2	10.6	8.4	7.8

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Table 5 Seasonally Adjusted Nonagricultural Employment
(Thousands)

	Georgia						Atlanta					
	84-2	84-3	84-4	85-1(r)	85-2(p)	June(p)	84-2	84-3	84-4	85-1(r)	85-2(p)	June(p)
Total	2424.8	2491.6	2534.4	2574.9	2584.5	2589.2	1177.1	1209.0	1237.6	1257.8	1268.5	1270.2
Mining	7.8	7.8	8.2	8.1	7.9	7.9	-	-	-	-	-	-
Contract Construction	127.5	135.6	141.4	143.0	146.3	148.1	61.3	64.1	70.2	73.1	74.5	75.0
Manufacturing	544.3	550.6	552.8	552.0	542.4	539.9	173.9	175.9	179.3	178.9	176.0	173.0
Durables	204.6	211.0	214.5	214.8	212.2	210.5	87.4	89.9	92.2	92.6	91.8	89.3
Lumber	33.7	34.8	35.7	36.1	36.0	35.9	3.9	3.7	3.7	3.9	3.8	3.8
Furniture	10.8	11.0	10.9	10.9	11.3	11.3	4.5	4.5	4.6	4.8	5.0	5.0
Stone, Clay, Glass	18.7	19.2	19.3	19.2	18.8	18.8	8.8	9.1	9.0	9.0	8.8	8.9
Primary Metals	16.3	16.5	16.4	15.8	15.4	15.3	6.6	6.5	6.9	6.4	6.4	6.5
Fabricated Metals	19.9	20.1	20.1	19.8	19.7	20.0	8.6	9.0	9.0	8.8	8.9	9.0
Nonelectrical Machinery	23.7	24.6	26.5	26.0	25.7	25.4	9.4	9.5	11.0	10.9	11.0	10.7
Electrical Machinery	26.0	26.8	26.8	27.3	27.1	27.2	13.0	13.2	13.0	13.4	13.1	13.6
Transportation Equipment	42.9	45.2	45.9	46.7	45.3	43.6	27.3	29.0	29.6	30.1	29.6	27.3
Other Durables	12.6	12.8	12.9	13.0	12.9	13.0	5.3	5.4	5.4	5.3	5.2	5.2
Nondurables	339.7	339.6	338.3	337.2	330.2	329.4	86.5	86.1	87.1	86.3	84.2	83.7
Food	57.3	56.8	57.3	57.9	57.2	57.2	19.9	20.3	20.3	20.4	20.2	20.0
Textiles	106.7	106.0	104.2	102.6	100.0	99.6	9.2	8.7	9.2	8.7	8.5	8.3
Apparel	75.2	75.1	74.3	73.5	71.8	71.8	13.3	12.9	13.1	12.7	12.2	12.2
Paper	29.9	29.8	29.9	30.1	29.5	29.3	8.3	8.1	8.1	8.0	7.9	7.7
Printing	30.3	30.7	31.0	31.5	31.1	31.1	19.4	19.2	19.6	19.8	19.3	19.4
Chemicals	18.8	19.0	19.1	19.0	18.7	18.5	9.3	9.4	9.4	9.5	9.3	9.3
Leather	1.6	1.7	1.8	1.9	1.5	1.6	-	-	-	-	-	-
Other Nondurables	19.9	20.5	20.7	20.7	20.4	20.3	7.1	7.5	7.4	7.2	6.8	6.8
Transportation, Comm. & Util.	153.1	155.0	157.4	161.1	161.5	161.0	98.8	100.0	101.9	104.5	105.1	105.0
Trade	593.4	615.1	638.8	658.4	666.3	669.6	333.0	341.8	350.3	355.8	360.5	362.3
Wholesale	184.8	191.7	198.8	202.4	202.4	202.9	122.8	126.0	130.0	129.7	131.6	132.3
Retail	408.6	423.4	440.0	456.0	463.9	466.7	210.2	215.8	220.3	226.1	228.9	230.3
Finance, Ins. & Real Estate	127.3	130.2	135.0	134.8	134.7	134.8	80.6	82.2	84.0	86.3	86.0	86.2
Services	431.6	447.3	459.4	472.1	479.1	481.7	258.9	269.0	275.8	283.3	288.4	290.3
Government	439.8	440.0	441.4	445.4	446.3	446.2	170.6	176.0	176.1	175.9	178.0	178.4
Federal	88.6	89.4	90.7	91.6	92.2	92.4	35.1	35.5	36.1	36.5	37.2	37.3
State & Local	351.2	350.6	350.7	353.8	354.1	353.8	135.5	140.5	140.0	139.4	140.8	141.1

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Table 6 Metro Atlanta Housing Permits for 1982 through 1984 with Forecasts through 1987

	1982		1983		1984		1985		1986		1987	
County	single	multi	single	multi	single	multi	single	multi	single	multi	single	multi
Butts	----	----	----	----	----	---	90	0	85	0	90	0
Cherokee	885	0	1172	14	1466	28	1600	100	1560	130	1630	150
Clayton	642	28	1269	6	1143	576	1330	410	1250	400	1280	430
Cobb	3337	824	5986	4243	6365	3095	6550	1630	6220	1290	6340	1330
DeKalb	2023	1107	3119	4371	3227	2965	3250	1720	2940	1520	2910	1360
Douglas	307	4	658	6	533	8	630	120	620	90	650	100
Fayette	----	----	----	----	----	----	810	0	950	0	1010	0
Forsyth	277	30	463	14	609	57	710	80	730	50	790	70
Fulton	2175	2601	2634	2252	2334	2979	2250	2950	2060	2270	1950	1960
Gwinnett	3686	1523	5980	3226	5977	6155	6730	4250	6540	4020	6380	3660
Henry	334	10	602	18	656	56	730	60	750	50	810	60
Newton	----	----	----	----	----	----	290	10	300	10	330	20
Paulding	----	----	----	----	----	----	720	0	750	0	810	20
Rockdale	261	138	437	144	623	83	620	30	600	20	620	30
Walton	----	----	----	----	----	----	255	0	280	0	320	0
Total	13936	6265	22320	14394	22933	16002	26565	11360	25550	9850	25920	9190
% Change From Previous Year	+37.7	+10.9	+60.2	+129.8	+2.7	+11.2	+6.4	-29.1	-3.8	-13.3	+1.4	-6.7
% Change in Total (single + multi)	+28.0		+81.7		+6.0		-8.2		-6.7		-0.8	
Estimated Potential Absorption (000)	----		33.8		41.6		38.7		34.0		31.9	

NOTE: The 1983 % change figures do not include Marietta. Totals for 1982 do not contain Marietta. Marietta figures are included in 1983 totals and beyond. Condominiums are included in the multi-family totals. Fee simple town homes are included in the single-family category. Counties added in 1985 are in totals for that year but are not included in changes until 1986.

Source: Homebuilders Association of Metro Atlanta

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Table 7

Atlanta Employment in 1990

	1984	1990	% Change	Annual Rate	Previous* Annual Rate
Construction	63.8	83.9	31.5	4.7	3.6
Manufacturing	174.5	186.2	6.7	1.1	3.0
Durables:	88.2	99.4	12.7	2.0	4.6
Lumber	3.7	4.1	10.8	1.7	0.5
Furniture	4.6	5.7	23.9	3.6	1.2
Stone, Clay, Glass	8.9	8.9	0.0	0.0	2.8
Primary Metals	6.4	7.1	10.9	1.7	4.6
Fabricated Metals	8.8	10.0	13.6	2.2	2.3
Nonelectrical Machinery	9.7	12.3	26.8	4.0	4.5
Electrical Machinery	13.0	15.0	15.4	2.4	3.1
Transportation Equipment	27.9	30.7	10.0	1.6	7.3
Other Durables	5.3	5.6	5.7	0.9	6.3
Nondurables:	86.3	86.8	0.6	0.1	1.2
Food	20.2	21.5	6.4	1.0	0.6
Textiles	8.9	7.5	-15.7	-2.8	-3.0
Apparel	13.0	13.1	0.8	0.1	0.9
Paper	8.2	8.0	-2.4	-0.4	1.0
Printing	19.4	19.9	2.6	0.4	2.0
Chemicals	9.3	9.8	5.4	0.9	2.6
Other Nondurables	7.3	7.0	-4.1	-0.7	2.8
Transportation, Comm. & Utilities	99.5	122.3	22.9	3.5	2.3
Trade:	337.9	425.0	25.8	3.9	4.3
Wholesale	124.6	142.3	14.2	2.2	2.3
Retail	213.3	282.7	32.5	4.8	5.4
Finance, Ins. & Real Estate	81.7	108.6	32.9	4.9	2.4
Services	263.7	396.1	50.2	7.0	6.3
Government:	173.4	193.6	11.6	1.9	1.4
Federal	35.5	41.2	16.1	2.5	0.2
State & Local	137.9	152.4	10.5	1.7	1.7
Total Wage & Salary	1194.5	1515.7	26.9	4.0	3.8
Population	2399	2817	17.4	2.71	2.51

* Previous trends were based on a 15-county area, excluding Barrow, Coweta, and Spalding.

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Table 8 Atlanta Personal Income in 1990

	1984	1990	% Change	Annual Rate	Previous Estimated Growth Path
Labor & Proprietors' Income :					
1. Wage & Salary Income	23395	42014	79.6	10.2	10.3
Other Labor Income	2441	4293	75.9	9.9	11.1
3. Proprietors' Income:	1556	2513	61.5	8.3	10.5
Farm	76	110	44.7	6.4	0.0
Nonfarm	1480	2403	62.4	8.4	10.7
Labor & Proprietors' Income:					
1. Farm	91	134	47.3	6.7	2.6
2. Contract Construction	1559	2649	69.9	9.2	6.8
3. Manufacturing:	4391	6729	53.2	7.4	9.4
Durables	2523	4141	64.1	8.6	11.1
Nondurables	1868	2588	38.5	5.6	7.0
4. Transportation, Comm. & Utilities	3606	6320	75.3	9.8	9.5
5. Trade:	6475	11170	72.5	9.5	9.9
Wholesale	3707	6371	71.9	9.4	9.7
Retail	2768	4799	73.4	9.6	10.1
6. Finance, Insurance & Real Estate	2161	4490	107.8	13.0	10.6
7. Services	5456	11595	112.5	13.4	14.5
8. Other Industries	134	242	80.4	10.3	10.4
9. Government:	3519	5491	56.0	7.7	7.8
Federal Civilian	968	1412	45.9	6.5	6.0
Federal Military	199	273	37.1	5.4	8.3
State & Local	2352	3806	61.8	8.4	8.5
Plus:					
Property Income	4704	7478	59.0	8.0	10.9
Transfer Payments	3015	4550	50.9	7.1	6.8
Residence Adjustment	-796	-893	----	----	----
Less: Social Ins. Contributions	1726	3538	105.0	12.7	12.7
Equals: Total Personal Income	32589	56417	73.1	9.6	10.1
Real Personal Income*	9978	12359	23.9	3.6	4.1
Atlanta CPI	326.6	456.5	39.8	5.7	5.7

* Assuming CPI rises 5% per year, adjusted to reflect differences from national purchasing power, and to eliminate CPI bias.

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